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REPORT
98-828

VETERANS' COMPENSATION AMENDMENTS FOR FISCAL YEAR 1985

JUNE 7, 1984.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MONTGOMERY, from the Committee on Veterans' Affairs, submitted the following

REPORT

[To accompany H.R. 5688]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs to whom was referred the bill (H.R. 5688) to amend title 38, United States Code, to provide a cost-of-living increase for fiscal year 1985 in the rates of compensation paid to veterans with service-connected disabilities and the rates of dependency and indemnity compensation paid to survivors of such veterans, and for other purposes, having considered the same, reports favorably thereon, by unanimous voice vote, without amendment, and recommends that the bill do pass.

INTRODUCTION

The President, in his budget submission for fiscal year 1985, requested funds for a 4.3 percent cost-of-living allowance (COLA) for the service-connected disability compensation and dependency and indemnity compensation (DIC) programs. The 4.3 percent adjustment also represented what was anticipated for the indexed non-service-connected pension program, based on the changes in the consumer price index (CPI) from the third quarter of calendar year 1983 to the third quarter of calendar year 1984. The increase proposed by the President would become effective April 1, 1985.

In the Committee on Veterans' Affairs' report to the Budget Committee dated March 8, 1984, request was made to include budget authority for a 4.3 percent increase in compensation and DIC to be effective December 1, 1984. On April 5, the House agreed to H. Con. Res 280 setting forth the congressional budget for fiscal years 1985, 1986, and 1987. Provision was made in the totals for

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-Function 700 for the compensation and DIC increase to be effective December 1, 1984.

On May 1, 1984, the Subcommittee on Compensation, Pension and Insurance conducted hearings to review legislation concerning the service-connected disability compensation, DIC, and related programs. The subcommittee received testimony from the Veterans' Administration, the Non Commissioned Officers Association, the National Association of Uniformed Services, AMVETS, the Disabled American Veterans, the National Association of Military Widows, the American Legion, the Paralyzed Veterans of America and the Veterans of Foreign Wars.

The Veterans' Administration witness testified that the Administration would support a compensation increase effective April 1, 1985, equal to that received by the social security and nonservice-connected pension beneficiaries under the indexing provisions of current law.

On May 17, 1984, the subcommittee recommended five bills to the full Committee including H.R. 5444, H.R. 4890, H.R. 5441, H.R. 5443, and H.R. 5442.

On May 21, 1984, H.R. 5688 was introduced as a clean bill in lieu of the measures recommended by the subcommittee and was ordered reported by the full Committee on May 22, 1984.

Summary of the Reported Bill

H.R. 5688, as reported, would increase the rates of compensation effective December 1, 1984, by 4.3 percent for service-connected disabilities as well as dependency and indemnity compensation for surviving spouses and children of veterans who die of service-connected causes. The bill would also increase by 4.3 percent the aid and attendance allowance payable to eligible veterans and surviving spouses, the housebound allowance payable to eligible veterans and surviving spouses, the additional amounts for dependents and survivors, and the clothing allowance for veterans whose prosthetic or orthopedic appliances tend to wear and tear their clothing. In addition, the bill would:

(1) Increase from $4,400 to $5,000 the one-time automobile allowance for certain service connected disabled veterans. It would also permit a veteran to be reimbursed for the special adaptive equipment required to ensure that the handicapped veteran be able to operate the vehicle in a safe manner provided title is divested of an older previously purchased and adapted vehicle.

(2) Increase the maximum Servicemen's Group Life Insurance available to active duty military personnel from $35,000 to $50,000.

(3) Add the disease systemic lupus erythematosus to the list of chronic diseases that are considered to be service-connected if occurring within 1 year from the date of a veteran's separation from service. The bill would change the requirement that a chronic disease be manifested to a compensable degree within the presumptive period and require only that the disease be manifested within that period.

(4) Establish an Advisory committee on Veterans Exposed to Ionizing Radiation.

(5) Make vocational training available for younger non-service-connected pensioners filing a claim after September 30, 1984.

COMPENSATION AND DIC RATES EFFECTIVE DEC. 1, 1984, AS REPORTED

	Increase (monthly rate)	
	From—	To—
Percentage of disability or subsection under which payment is authorized:		
(a) 10 percent	$64	$67
(b) 20 percent	118	123
(c) 30 percent	179	187
(d) 40 percent	258	269
(e) 50 percent	364	380
(f) 60 percent	459	479
(g) 70 percent	579	604
(h) 80 percent	671	700
(i) 90 percent	755	787
(j) 100 percent	1,255	1,309
Higher statutory awards for certain multiple disabilities:		
(k)(1) Additional monthly payment for anatomical loss, or loss of use of, any of these organs: 1 foot, 1 hand, blindness in 1 eye (having light perception only), 1 or more creative organs, both buttocks, organic aphonia (with constant inability to communicate by speech), deafness of both ears (having absence of air and bone conduction)—for each loss	62	62
(2) Limit for veterans receiving payments under (a) to (j) above	1,559	1,626
(3) Limit for veterans receiving benefits under (l) to (n) below	2,185	2,279
(l) Anatomical loss or loss of use of both feet, 1 foot and 1 hand, blindness in both eyes (5/200 visual acuity or less), permanently bedridden or so helpless as to require aid and attendance	1,559	1,626
(m) Anatomical loss or loss of use of both hands, or of both legs, at a level preventing natural knee action with prosthesis in place or of 1 arm and 1 leg at a level preventing natural knee or elbow action with prosthesis in place or blind in both eyes, either with light perception only or rendering veteran so helpless as to require regular aid and attendance	1,719	1,793
(n) Anatomical loss of both eyes or blindness with no light perception or loss of use of both arms at a level preventing natural elbow action with prosthesis in place or anatomical loss of both legs so near hip as to prevent use of prosthesis, or anatomical loss of 1 arm and 1 leg so near shoulder and hip as to prevent use of prosthesis	1,954	2,038
(o) Disability under conditions entitling veterans to 2 or more of the rates provided in (l) through (n), no condition being considered twice in the determination, or deafness rated at 60 percent or more (impairment of either or both ears service-connected) in combination with total blindness (5/200 visual acuity or less) or deafness rated at 40 percent or total deafness in 1 ear (impairment of either or both ears service-connected) in combination with blindness having light perception only or anatomical loss of both arms so near the shoulder as to prevent use of prosthesis	2,185	2,279
(p)(1) If disabilities exceed requirements of any rates prescribed, Administrator of VA may allow next higher rate or an intermediate rate, but in no case may compensation exceed	2,185	2,279
(2) Blindness in both eyes (with 5/200 visual acuity or less) together with (a) bilateral deafness rated at 30 percent or more disabling (impairment of either or both ears service-connected) next higher rate is payable, or (b) service-connected total deafness of 1 ear or service-connected loss or loss of use of an extremity the next intermediate rate is payable, but in no event may compensation exceed	2,185	2,279
(3) Blindness with only light perception or less with bilateral deafness (hearing impairment in either 1 or both ears is service-connected) rated at 10 or 20 percent disabling, the next intermediate rate is payable, but in no event may compensation exceed	2,185	2,279
(4) Anatomical loss or loss of use of 3 extremities, the next higher rate in paragraphs (l) to (n) but in no event in excess of	2,185	2,279
(q) [This subsection repealed by Public Law 90-493.]		
(r)(1) If veteran entitled to compensation under (o) or to the maximum rate under (p), or at the rate between subsections (n) and (o) and under subsection (k), and is in need of regular aid and attendance, he shall receive a special allowance of the amount indicated at right for aid and attendance in addition to such rates	938	978

COMPENSATION AND DIC RATES EFFECTIVE DEC. 1, 1984, AS REPORTED—Continued

	Increase (monthly rate)	
	From—	To—
(2) If the veteran, in addition to need for regular aid and attendance, is in need of a higher level of care, a special allowance of the amount indicated at right is payable in addition to (o) or (p) rate	1,397	1,457
(s) Disability rated as total, plus additional disability independently ratable at 60 percent or over, or permanently housebound	1,404	1,464
(t) Additional monthly allowance for a veteran in receipt of compensation for a disability not evaluated more than 90 percent disabling who has suffered a service-connected loss or loss of use of an extremity evaluated not less than 40 percent and has suffered a non-service-connected loss or loss of use of the paired extremity evaluated at not less than 40 percent	271	283

In addition to basic compensation rates and/or statutory awards to which the veteran may be entitled, dependency allowances are payable to veterans who are rated at not less than 30 percent disabled. The rates which follow are those that would be payable to veterans while rated totally disabled. If the veteran is rated 30, 40, 50, 60, 70, 80, or 90 percent disabled, dependency allowances would be payable in an amount bearing the same ratio to the amount specified below as the degree of disability bears to total disability. For example, a veteran who is 50 percent disabled would receive 50 percent of the amounts which appear below:

	Increase (monthly rate)	
	From—	To—
If and while veteran is rated totally disabled and—		
Has a spouse	$77	$80
Has a spouse and child	128	134
Has no spouse, 1 child	52	54
For each additional child	41	43
For each dependent parent	62	65
For each child age 18 to 22 attending school	116	121
Has a spouse in nursing home or severely disabled	139	145

The following increases would be provided for surviving spouses of deceased veterans whose deaths are service-connected and who are receiving dependency and indemnity compensation (DIC) payments:

Pay grade	From—	To—	Pay grade	From—	To—
E–1	$461	$481	W–4	$661	$689
E–2	475	495	O–1	583	608
E–3	486	507	O–2	602	628
E–4	518	540	O–3	644	672
E–5	532	555	O–4	681	710
E–6	544	567	O–5	751	783
E–7	571	596	O–6	846	882
E–8	602	628	O–7	915	954
E–9	[1] 629	[1] 656	O–8	1,003	1,046
W–1	583	608	O–9	1,077	1,123
W–2	607	633	O–10	[2] 1,179	[2] 1,230
W–3	624	651			

[1] If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by sec. 402 of this title, the surviving spouse's rate shall be $707.

[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by sec. 402 of this title, the surviving spouse's rate shall be $1,319.

Increase by 4.3 percent, from $53 to $55 monthly, the additional DIC rate payable to surviving spouses for each child of the veteran under age 18.

Increase by 4.3 percent, from $68 to $71 monthly, the spouses' housebound rate.

When there is no surviving spouse receiving dependency and indemnity compensation, payment is made in equal shares to the children of the deceased veteran. These rates would be increased as follows:

	Increase (monthly rate)	
	From—	To—
1 child	$233	$243
2 children	334	348
3 children	432	451
Each additional child	87	91

Background

SERVICE-CONNECTED DISABILITY COMPENSATION

There were 2,255,432 veterans receiving compensation as of April 1984. The Veterans' Administration expenditures for veterans service-connected compensation program for fiscal year 1985 is expected to be $8 billion.

The following table shows by war period the number of veterans receiving compensation at each of the disability evaluations from 0 to 100 percent and at each statutory level. Also shown are the number of veterans suffering from selected disabilities.

SERVICE-CONNECTED DISABILITY COMPENSATION INFORMATION—PERSONS ON THE ROLLS AS OF END OF SEPTEMBER 1983

	Total	Vietnam	Korean	WW II	WW I	Peacetime
Total veterans on rolls	2,263,331	587,032	228,651	1,110,971	18,078	318,599
Male	2,235,045	580,191	226,618	1,100,719	17,848	309,669
Female	28,286	6,841	2,033	10,252	230	8,930
Combined degree of disability:[1]						
0 compensable	25,649	881	6,934	14,468	258	3,108
10	887,106	231,965	80,072	434,974	3,648	136,447
20	356,937	101,232	35,247	163,702	4,572	52,184
30	315,519	75,991	30,982	164,443	2,574	41,529
40	186,072	49,686	19,347	93,959	1,566	21,514
50	113,606	29,086	11,131	59,549	1,261	12,579
60	119,871	27,446	13,703	63,133	1,377	14,212
Schedule	83,084	21,494	9,177	42,285	925	9,203
Unemployable	36,787	5,952	4,526	20,848	452	5,009
70	67,647	18,949	7,944	32,777	620	7,357
Schedule	42,027	12,963	4,458	19,497	388	4,721
Unemployable	25,620	5,986	3,486	13,280	232	2,636

SERVICE-CONNECTED DISABILITY COMPENSATION INFORMATION—PERSONS ON THE ROLLS AS OF END OF SEPTEMBER 1983—Continued

	Total	Vietnam	Korean	WW II	WW I	Peacetime
80	37,726	9,781	4,370	19,672	435	3,460
Schedule	20,143	5,169	2,134	10,975	280	1,585
Unemployable	17,585	4,612	2,246	8,697	155	1,875
90	14,031	4,516	1,605	6,616	108	1,236
Schedule	6,305	1,993	745	3,048	64	455
Unemployable	7,776	2,523	860	3,568	44	781
100	139,116	37,499	17,306	57,678	1,660	24,973
Total paid 100 percent rate equals 100 plus total unemployable	226,884	56,572	28,424	104,071	2,543	35,274
Type of disability:						
TB, lung, pleura	44,146	1,885	9,697	25,319	2,599	4,646
Psych. and Neuro	459,812	103,162	41,559	251,791	3,412	59,888
Other	1,759,373	481,985	177,395	833,861	12,067	254,065
Additional awards:[2]						
Aid and attendance:						
Veterans	11,890	3,261	1,688	4,181	178	2,582
Spouses	2,440	135	189	1,749	182	185
Housebound veterans	7,031	1,601	953	3,101	155	1,221
Anatomical loss—limbs	23,897	6,698	2,697	12,315	210	1,977
Single	21,291	5,477	2,393	11,444	198	1,779
Hand	4,301	774	483	2,575	55	414
Foot	16,990	4,703	1,910	8,869	143	1,365
Double	2,498	1,153	291	853	12	189
Hands	120	37	12	53	2	16
Feet	2,145	1,019	255	705	10	156
Hand and foot	233	97	24	95	.....	17
Triple	85	59	10	10	.....	6
Hand and feet	76	53	9	8	.....	6
Hands and foot	9	6	1	2	.....	.....
Quadruple	23	9	3	8	.....	3
Loss of use—limbs	36,230	10,839	4,705	15,615	160	4,911
Single	21,854	6,462	2,422	11,053	142	1,775
Hand	9,448	2,735	1,056	4,726	81	850
Foot	12,406	3,727	1,366	6,327	61	925
Double	11,287	3,485	1,808	3,738	16	2,240
Hands	331	67	58	140	.....	66
Feet	8,486	2,547	1,417	2,731	11	1,780
Hand and foot	2,470	871	333	867	5	394
Triple	740	176	130	285	.....	149
Hand and feet	690	163	121	267	.....	139
Hands and foot	50	13	9	18	.....	10
Quadruple	2,349	716	345	539	2	747
Special monthly compensation[3]	144,270	32,254	22,362	68,130	1,471	20,053
K	84,901	22,590	10,092	40,289	899	11,031
L	5,664	1,248	719	2,619	153	925
L½	2,466	903	349	851	17	346
M	2,583	673	386	1,102	43	379
M½	2,321	755	360	873	8	325
N	659	123	83	345	10	98
N½	357	114	53	155	.....	35
O	319	79	48	100	.....	92
P	1,851	655	267	665	9	255
Q	27,451	721	7,732	15,586	167	3,245
R1	6,984	2,384	1,032	1,951	8	1,609
R2	1,617	404	281	447	.....	485
S	7,031	1,601	953	3,101	155	1,221
T	66	4	7	46	2	7
Terminations (4th quarter, fiscal year 1983)	10,879	1,859	663	5,061	468	2,828
Death	7,298	621	602	4,965	464	646
Other	3,581	1,238	61	96	4	2,182

SERVICE-CONNECTED DISABILITY COMPENSATION INFORMATION—PERSONS ON THE ROLLS AS OF END OF SEPTEMBER 1983—Continued

	Total	Vietnam	Korean	WW II	WW I	Peacetime
Dependency:						
Veterans not entitled (0–20 percent)	1,269,692	334,078	122,253	613,144	8,478	191,739
Veterans entitled:						
No dependency (30–100 percent)	298,399	64,515	31,280	155,121	4,837	42,646
Dependents (30–100 percent)	695,241	188,439	75,118	342,706	4,764	84,214
Total dependents	1,131,370	446,164	116,198	399,165	4,837	165,006
Spouses	659,901	170,086	71,215	336,829	4,732	77,039
Children	460,989	272,213	43,273	59,349	105	86,049
Parents	10,480	3,865	1,710	2,987	.....	1,918

[1] Compensation is paid according to the combined degree of disability determined from the schedule for rating disabilities. The rates of payment are defined in secs. 314 and 315, ch. 11, title 38, United States Code. Veterans who have schedular ratings from 60 through 90 percent and are judged unable to secure or follow a substantially gainful occupation as a result of service-connected disabilities are classified as individually unemployable and compensated at the 100 percent disability compensation level.

[2] Aid and attendance and household awards are granted under the provisions of secs. 314 and 315 of ch. 11, title 38, United States Code. Aid and attendance covers those recipients requiring the services of an attendant as a result of incurring severely restrictive disabilities. Housebound covers those less incapacitated but still confined to their immediate surrounding.

[3] Additional payments for various combinations of catastrophic losses as defined in title 38, ch. 11, sec. 314, paragraphs k through t.

Notes: Data produced on an annual or semiannual basis are not available for every issue of this publication. Vietnam—Vietnam era—Aug. 5, 1964 through May 7, 1975. Korean—Korean conflict—June 27, 1950 through Jan. 31, 1955. WW II—World War II—Dec. 7, 1941 through Dec. 31, 1946. WW I—World War I—Apr. 6, 1917 through Nov. 11, 1918. Peacetime—Peacetime, including the post-Vietnam era.

The basic purpose of the disability compensation program, throughout its history, has been one of providing a measure of relief from the impaired earning capacity of veterans disabled as the result of their military service. The amount of compensation payable varies according to the degree of disability, which, in turn, is required by law to represent, to the extent practicable, the average impairment in earning capacity resulting from such disability or combination of disabilities in civil occupations.

To be eligible to receive disability compensation, a veteran must have contracted a disease, suffered a non-misconduct injury, or aggravated an existing disease or injury in the line of duty during active wartime or peacetime service and have been discharged under other than dishonorable conditions.

The responsibility for determining a veteran's entitlement to service connection for a disability rests solely with the Veterans' Administration. This determination is based upon the service medical records or other evidence which may be presented to the Veterans' Administration by the veteran. The law provides that if a veteran had service of 90 days or more during time of war or after December 31, 1946, and develops a chronic or tropical disease to a degree of ten percent or more within 1 year of his discharge from such service, service connection may be granted by presumption. Service connection may be granted by presumption for active tuberculosis or Hansen's disease which becomes manifest to a degree of 10 percent or more within 3 years of a veteran's discharge from such service and for multiple sclerosis becoming manifest to a 10-percent degree within 7 years of a veteran's discharge from such service. In cases of prisoners of war, diseases related to nutritional deficiencies or anxiety states or psychosis which become manifest to a degree of 10 percent or more at any time after service, may be granted service connection on a presumptive basis.

When a claim for service-connected disability benefits is received by the Veterans' Administration, that agency obtains the service medical records and the issue is generally decided based upon such records. If the service medical records do not establish that the disability was incurred in service, the veteran may submit evidence to substantiate the contention. Generally, this may be by statements from persons with whom the veteran served relating knowledge of the veteran's injury or disease. The Veterans' Administration also would consider the question of entitlement to service connection by presumption if the disability is a chronic disease becoming manifest within the prescribed period of time. If a veteran is granted service connection, the percentage of disability is generally based upon the findings of a VA examination. If a veteran with a service-connected disability should feel in some later year that the disability has increased in severity, evidence of this, usually a statement of recent medical treatment, may be presented to the Veteran's Administration to request re-evaluation of the disability. Should the Veterans' Administration deny service connection or deny a request for an increased rating, the veteran may appeal the denial decision to the Board of Veterans' Appeals provided the veteran notifies the agency of his or her disagreement with the decision within one year of the date of notification of the decision.

The law provides that a case involving a complex or controversial medical issue may be referred to a medical specialist outside of the Veterans' Administration for an advisory opinion. The law also provides that, if service connection for a veteran's disability has been in existence for 10 or more years, service connection may not be severed except in the case of fraud. The law further provides that a disability rated continuously at or above an evaluation for 20 or more years shall not thereafter be rated at a lesser evaluation.

The percentage of disability for a specific disability is assigned by the Veterans' Administration. That agency has established a "Schedule for Rating Disabilities" which is used as the guideline for the measuring of the degree of disability. Compensation is paid for disabilities at ratings of 10 percent, 20 percent, 30 percent, and so forth up to 100 percent. The amount of compensation payable for each percentage of disability is established by law. Additional compensation is payable for the loss of a limb, blindness, and other severe disabilities. Additional dependency allowance is payable to veterans with a rating of 30 percent or more for a spouse, minor children, or dependent parents.

Historically, the Congress has increased compensation rates whenever there has been an appreciable increase in the cost-of-living index, since the rates are not indexed to the Consumer Price Index by law. This is necessary to ensure that inflation does not erode the purchasing power of those receiving compensation and DIC benefits.

PERCENT OF INCREASE IN COMPENSATION RATES

From 1917 through 1983, the cumulative increase in the Consumer Price Index (CPI) is 742.5 percent. During the same period the cumulative increase in the compensation rate paid to the tot

ly and permanently disabled service-connected unmarried veteran is 1468.8 percent. There follows a breakdown of the percent of increase in compensation rates over those paid on July 1, 1933.

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HISTORY OF WARTIME SERVICE-CONNECTED COMPENSATION INCREASES FOR SERVICE-CONNECTED DISABLED VETERANS—APR. 6, 1917 THROUGH APRIL 1984

	Percent of increase in compensation rates over those paid on July 1, 1933																			Cumulative increase in CPI since 1917	Cumulative increase in compensation since 1917
	1934	1944	1945	1946	1952	1954	1962	1965	1969	1970	1972	1974	1976	1978	1979	1980	1981	1982	1984		
10 percent	11.1	27.8	.....	53.3	75.0	88.9	122.2	133.3	155.6	177.8	211.1	255.6	322.2	388.3	433.3	500.0	544.4	588.9	611.1	742.5	700.0
20 percent	11.1	27.8	.....	53.3	75.0	83.3	111.1	122.2	138.9	155.6	183.3	227.8	288.9	344.4	388.9	450.0	494.4	533.3	555.6	742.5	637.5
30 percent	11.1	27.8	.....	53.3	75.0	85.2	114.8	122.2	140.7	159.3	185.2	229.6	292.6	348.2	392.6	455.6	500.0	540.7	563.0	742.5	645.8
40 percent	[1]1.1	27.8	.....	53.3	75.0	83.3	113.9	127.8	147.2	166.7	194.4	238.9	302.8	361.1	405.6	472.2	544.4	591.7	616.6	742.5	706.3
50 percent	11.1	27.8	.....	53.3	91.7	102.2	137.8	151.1	171.1	200.0	231.1	280.0	351.1	415.6	466.7	546.7	628.9	682.2	708.9	742.5	810.0
60 percent	11.1	27.8	.....	53.3	91.7	101.9	137.0	151.9	172.2	201.9	235.5	290.7	372.2	440.7	494.4	579.6	664.8	720.4	750.0	742.5	856.3
70 percent	11.1	27.8	.....	53.3	91.7	101.6	136.5	155.6	176.2	206.4	236.5	296.8	379.4	449.2	503.2	588.9	727.0	787.3	819.0	742.5	933.9
80 percent	11.1	27.8	.....	53.3	91.7	101.4	136.1	158.3	179.2	209.7	240.3	301.4	386.1	455.6	511.1	598.6	738.9	800.0	831.9	752.5	948.4
90 percent	11.1	27.8	.....	53.3	91.7	101.2	135.8	158.0	179.0	208.6	239.5	301.2	385.2	455.6	511 1	598.8	738.3	800.0	832.1	742.5	948.6
100 percent [1]	11.1	27.8	.....	53.3	91.7	101.1	177.8	233.3	344.3	400.0	450.0	548.9	685.6	798.9	887.8	1,028.9	1,155.6	1,247.8	1,294.4	742.5	1,468.8
Revised statutory awards under subparagraphs below	.....	.....	40.0	68.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0	108.0	124.0	124.0	124.0	148.0	148.0	148.0	148.0	696.1	148.0
l	.....	.....	33.3	60.0	77.3	86.0	126.7	166.7	233.3	273.3	310.7	384.7	486.0	570.0	636.0	741.3	835.3	904.0	939.3	696.1	939.3
m	.....	.....	34.3	61.1	78.9	88.0	122.9	157.1	214.3	252.0	287.4	357.1	453.1	532.6	595.4	694.9	784.0	849.1	882.3	696.1	882.3
n	.....	.....	32.5	59.0	76.5	85.5	120.0	162.5	212.5	250.0	285.0	354.5	449.5	529.0	591.5	690.5	779.0	844.0	877.0	696.1	877.0
o	.....	.....	20.0	44.0	60.0	68.0	110.0	140.0	180.0	213.6	244.8	306.8	392.4	463.2	518.8	607.2	686.5	744.4	774.0	696.1	774.0
p	.....	.....	.....	20.0	33.3	40.0	75.0	100.0	133.3	161.3	187.3	239.0	310.3	369.3	415.7	489.3	555.3	603.7	628.3	460.6	628.3
q	.....	.....	.....	.....	.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
r	.....	.....	.....	.....	.....	.....	33.3	66.7	100.0	124.0	146.7	191.3	252.0	302.7	342.7	406.0	462.7	504.0	525.3	249.8	525.3
s	.....	.....	.....	.....	.....	.....	9.4	32.1	69.7	90.2	109.1	146.8	198.5	241.5	275.5	329.1	377.0	412.1	429.8	241.9	429.8
Clothing	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	0	26.7	45.3	60.0	82.7	103.3	118.0	125.3	141.7	125.3
t	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	9.7	25.1	39.4	49.7	54.9	52.3	54.9

[1] Made retroactive to Apr. 6, 1917.

DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVORS OF VETERANS WHO HAVE DIED OF SERVICE-CONNECTED CAUSES

Currently there are 256,355 spouses and 61,412 children receiving dependency and indemnity compensation (DIC). These are the survivors of more than 407,231 veterans who have died of service-incurred causes.

Over $1.8 billion is expected to be paid in fiscal year 1985 to the survivors.

Widows and children of veterans who died of causes determined to be service-connected are entitled to receive monthly dependency and indemnity compensation.

The purpose of this benefit is to provide partial compensation to the designated survivors for the loss in financial support sustained as the result of the service-connected death. Income and need are not factors in determining a surviving spouse's or child's entitlement since the Nation assumes, in part, the legal and moral obligation of the veteran to support the spouse and children. Payments of DIC for surviving spouses are determined on the basis of the veteran's service pay-grade and range from $461 monthly for the surviving spouse of an E–1 to $1,179 for the surviving spouse of an O–10. Surviving spouses are entitled to an additional $53 monthly for each child.

There is an additional allowance of $139 monthly which is payable to eligible surviving spouses who are patients in a nursing home or who are in need of the regular aid and attendance of another person.

Surviving spouses qualified for DIC who are not so disabled as to require the regular aid and attendance of another person but who, due to disability, are permanently housebound, may be granted a special allowance of $68 monthly in addition to the DIC rate otherwise payable.

If there is no surviving spouse receiving dependency and indemnity compensation benefits but there is a surviving child, the child is entitled to $233 monthly with additional benefits for other children.

When a service-connected disability is found to be the principal or contributory cause of death, such death is considered to be service connected. These determinations are made on a very liberal basis. For example, there are disabilities which by their very nature are so overhelming that eventual death can be anticipated irrespective of co-existing conditions. Even though such a disability is non-service-connected and is the primary cause of death, consideration is given to whether the co-existing service-connected conditions were of such severity as to have been a material influence in accelerating death. Where death had been so accelerated, it will be considered service connected. The death of any veteran whose service-connected disabilities were the primary cause of death or contributed materially in producing death would, of course, render the survivor basically eligible for service-connected death benefits.

The same benefits provided for those entitled to DIC are also payable to surviving spouses or children of certain veterans whose deaths are not service-connected but who, at death, had been in receipt of total (100 percent) ratings for service-connected disabilities.

It is necessary for entitlement under this provision that the 100 percent rating has been in effect continuously for at least 10 years at death or continuously since service and for at least 5 years. A surviving spouse must have been married to a veteran for at least 2 years at the time of death before entitlement exists.

The following table shows by war period the number of surviving spouses and children of service-connected veterans in receipt of survivors' death benefits:

ACTIVE DEPENDENCY AND INDEMNITY COMPENSATION CASES

Entitlement	DIC beneficiaries		
	Total	Widows	Children
Total	317,767	256,355	61,412
World War I	25,018	24,174	844
World War II	122,947	116,604	6,343
Korean conflict	29,037	25,883	3,154
Vietnam era	84,343	47,465	36,878
Spanish/American War	90	75	15
Mexican border period	2	2	0
Indian War			
Civil War	3	1	2
Regular establishment	56,327	42,151	14,176

ACTION BY THE CONGRESS DURING THE PAST 8 YEARS

Fiscal year 1984—Public Law 98-223—$159.1 million

The Act provided an average 3.5 percent increase in the basic rates of service-connected compensation. Statutory awards relating to more serious disabilities, other than the "K" award, and DIC rates were increased by 3.5 percent.

In addition, it (1) expressed the sense of Congress that future increases in rates of disability compensation and DIC shall take effect on December 1, commencing in fiscal year 1985; (2) provided ROTC members with eligibility for Veterans' Administration benefits for injuries incurred prior to October 1, 1982; (3) provided additional compensation for certain service-connected blinded veterans who also suffer service-connected hearing impairments; (4) provided eligibility for Veterans' Administration benefits to a child adopted by a veteran, regardless of age at adoption, who became helpless prior to age 18 provided the child was a member of the veteran's household at age 18; (5) added Dysthymic Disorder (depressive neurosis) to the list of diseases of certain former prisoners of war that are presumed to be service-connected; (6) provided a minimum one month of eligibility to a temporary total rating because of hospitalization in excess of twenty-one days if such hospitalization falls entirely within one calendar month; (7) provided authority to expand the Board of Veterans' Appeals from 50 to 65 members; and (8) permits VA appointed fiduciaries to be paid from beneficiaries' estates modest commissions (not to exceed 4 percent of VA payments) for fiduciary services rendered.

Fiscal year 1983—Public Law 97-306—$655.4 million

The Act provided an average 7.4 percent increase in the basic rates of service-connected compensation. Statutory awards relating to more serious disabilities, other than the "K" award, and DIC rates were increased by 7.4 percent.

In addition, it (1) provided ROTC members with eligibility for Veterans' Administration benefits if injured during summer training on or after October 1, 1982; (2) provided minor adjustments in the benefit levels for certain blinded veterans with multiple disabilities; (3) ensured payment of dependency and indemnity compensation to surviving spouses if the veteran was totally disabled for 10 years by service-connected disability prior to death, but was not paid for 10 years due to Veterans' Administration error; (4) prevented escheat of unclaimed Servicemen's Group Life Insurance proceeds to a State and removed the bar against payment in the event a claim is filed more than 4 years after the insured's death; (5) provided for a burial flag for certain nonveterans buried in a VA national cemetery; (6) provided for payment of a burial allowance for unclaimed bodies of wartime veterans for deaths occurring after September 30, 1982; and (7) clarified the intent of Congress that burial benefits are payable if a veteran dies while a patient in a Veterans' Administration contract nursing home.

Fiscal year 1982—Public Law 97-66—$967.3 million

The Act provided an average 11.2 percent increase in the basic rates of service-connected compensation—with veterans with greater disabilities receiving a larger proportionate share of the increase. Statutory awards relating to more serious disabilities, other than the "K" award, and DIC rates were increased by 11.2 percent.

In addition, it (1) increased the statutory award designation payable to veterans who suffer the service-connected loss or loss of use of both upper extremities by one full step; (2) increased the automobile assistance allowance from $3,800 to $4,400; (3) extended eligibility for the automobile adaptive equipment in certain cases to service-connected disabled veterans suffering from ankylosis of the hip or knee; (4) increased SGLI coverage from $20,000 to $35,000; (5) permitted GI insurance to be paid in a lump sum when there is no designated mode of payment; (6) permitted the VA to guarantee graduated payment home loans; (7) extended maximum terms of guaranteed loans for mobile home purchases; (8) increased the specially adapted housing assistance grant from $30,000 to $32,500; (9) prevented certain veterans from losing non-service-connected pension while undergoing rehabilitation at a VA medical facility; (10) provided headstones or markers in cemeteries for veterans whose remains were not recovered; (11) prevented the VA from using appropriated medical funds to conduct cost comparison studies; (12) required the VA Administrator to include any consolidation plans in his annual budget; and (13) clarified congressional intent on appropriated funding levels and personnel ceilings.

Fiscal year 1981—Public Law 96-385—$1,058.1 million

The Act provided a 13 percent rate increase in compensation for those disabilities rated 10 to 40 percent. Cases rated 50 percent or

more disabled were increased by 14.3 percent. Statutory awards relating to more serious disabilities (other than the "K" award) and DIC rates were increased by 14.3 percent. In addition, it (1) expanded the specially adapted housing benefit program by $5,000 to certain service-connected veterans; (2) increased the maximum VA loan guaranty from $25,000 to $27,500 for a conventional home or condominium and from $17,500 to $20,000 the guaranty for a mobile home, mobile home lot or both; (3) entitled veterans to refinance their VA home loans if mortgage funds become available at lower interest rates; (4) provided for headstones and markers for certain close relatives of veterans buried in State veterans' cemeteries and other miscellaneous provisions.

Fiscal year 1980—Public Law 96-128—$669.7 million

The Act provided a 9.9 percent increase in the compensation and DIC rates effective October 1, 1979, except for the "K" award which became effective October 1, 1980. In addition, a new basic entitlement was established permitting payment of aid and attendance benefits to a new group of severely disabled veterans upon an affirmative showing of and demonstrated need for the regular aid and attendance of another person.

Fiscal year 1979—Public Law 95-479—$520.4 million

The Act provided a 7.3 percent increase in the compensation and DIC rates effective October 1, 1978. In addition, the Act: (1) provided additional compensation to veterans who suffered the loss or loss of use of three extremities; (2) established a new statutory award of $175 monthly to certain veterans suffering from the service-connected loss or loss of use of an extremity ratable at not less than 40 percent and who subsequently suffered the non-service-connected loss or loss of use of the paired extremity at a level ratable at no less than 40 percent; (3) reduced from 50 percent to 30 percent the rate of disability required before additional compensation for dependents is payable to veteran; (4) provided dependency and indemnity compensation entitlement to survivors if the veteran immediately before death had suffered total service-connected disability for 10 or more years or continuously since discharge for not less than 5 years. Provided, for the first time, additional dependency and indemnity compensation to a surviving spouse who, because of disability, is permanently housebound; (5) provided for a second level of aid and attendance benefits for certain catastrophically disabled veterans needing a higher level of care; (6) clarified the intent of the Congress to assure exemption from taxation of compensation paid in lieu of military retired pay; (7) increased the service-connected death burial benefit from $800 to $1,100; and (8) increased the automobile assistance allowance payable on a one-time basis to certain severely disabled veterans from $3,300 to $3,800.

Fiscal year 1978—Public Law 95-117—$312.5 million

The Act provided a 6.6 percent increase in compensation and DIC rates to service-connected disabled veterans and eligible dependents. In addition, it provided entitlement to a grant, not to exceed $25,000, as assistance in purchasing specially adapted housing for

certain veterans who, because of the service-connected loss or loss of use of one lower extremity and one upper extremity which affects the function of balance or propulsion, are precluded from locomotion without aid of braces, crutches, canes or a wheelchair.

Fiscal year 1977—Public Law 94-433—$388 million

The Act provided for an 8 percent increase in the rates of compensation and DIC. In addition, the Act provided that the VA would pay increased compensation to the disabled veteran rated 50 percent to 100 percent who has a spouse who is a patient in a nursing home or who is so helpless as to need regular aid and attendance. It also provided for an increase in mortgage protection life insurance available for certain severely disabled veterans from $30,000 to $40,000. The measure also authorized the VA to pay the cost of transporting the remains of deceased, service-disabled veterans to a national cemetery for burial and extended eligibility for VA assistance in the purchase of automobiles and necessary special adaptive equipment to certain disabled veterans who served on or after September 16, 1940. The benefit had been limited to those with service in World War II or thereafter.

Major Provisions of the Reported Bill

ADVISORY COMMITTEE ON ATOMIC VETERANS

Beginning in 1945 and continuing until 1963, the U.S. Government exploded approximately 235 nuclear devices in the atmosphere over the American Southwest and Pacific Ocean. The Department of Defense estimates that approximately 220,000 military personnel participated in those tests. Many of these troops were exposed to low-level ionizing radiation which may or may not have been accurately documented with proper exposure devices or methodologies. Additional personnel may have been exposed to radiation while in the occupation forces in Japan after the atomic bombings of Hiroshima and Nagasaki in 1945. To complicate the problem, there is limited scientific understanding of the relationship between exposure to low doses of ionizing radiation and subsequent health problems.

Public concern about the health effects of low-level ionizing radiation has been heightened in recent years by the results of several studies. Since 1902, when cancer was first attributed to overexposure to X-rays, the U.S. Government has spent close to $2 billion for research of the health effects of exposure to low-level ionizing radiation. At least 80,000 scientific papers on the subject have been published worldwide. While much has been learned about the carcinogenic effects of high doses of radiation exposure, scientists still are uncertain how low-level ionizing radiation exposure causes cancer, and how to predict the effects of exposure to low doses of ionizing radiation.

Because of the uncertainties in the scientific community about the possible adverse health effects of exposure to low-level ionizing radiation, the Congress enacted Public Law 97-72 which authorized the provision of basic health-care by the Veterans' Administration for a veteran's disability if it is found that the veteran, during

active service, may have been exposed to ionizing radiation. Such disability must be determined by a VA physician or an authorized medical representative as possibly having resulted from exposure to ionizing radiation.

Public Law 98–160, signed by the President on November 21, 1983, requires the Administrator of Veterans' Affairs to consider the feasibility of conducting an epidemiological study of the effects of low-level ionizing radiation on veterans who participated in the testing of nuclear devices or who were in the occupation forces of Hiroshima or Nagasaki during World War II. If such a study is conducted, it would be by an outside entity—not the Veterans' Administration.

Section 201 of H.R. 5688 would create an advisory committee to look into the special problems and needs of veterans exposed to ionizing radiation. It is considered vitally important that a mechanism be put in place for reviewing the volumes of medical and scientific data that are now available on radiation. This wealth of information is meaningless to veterans or their survivors if there is no mechanism to sort through the data and literature and make objective determinations on whether or not particular disorders are relatable to a veteran's military service. The Committee is aware of difficulties encountered by veterans in establishing the relationship of their present disabilities with exposure to radiation while in service. The proposed advisory committee should be of material assistance to the Administrator of Veterans' Affairs and to the Congress in evaluating the needs of this group of veterans and their survivors.

VOCATIONAL TRAINING FOR YOUNG PENSIONERS

For certain veterans with service-connected disabilities, the law has since World War I provided vocational rehabilitation and training assistance to restore them to the mainstream of productive life. This has been a highly effective and productive program, focusing as it does on human values beyond payment of monthly compensation.

Pension has always been considered a benefit for mostly the aged disabled veteran, and rehabilitation has never been a part of the pension program. There are, however, some 35,000 pensioners under age 50 and an additional 5,000 in this age group could possibly qualify for this benefit each year.

Section 202 of H.R. 5688 would make available a rehabilitation program for new pensioners under age 50 for whom the VA considers training feasible. Potentially eligible veterans would be required to be interviewed and counseled. Entry into training and continuing in training would be voluntary. The training would be under the general provisions of chapter 31 of title 38 except that no subsistence allowance would be payable. Instead, the veteran would receive whatever pension his or her income justified.

It is expected that the VA would administer this program in a manner consistent with its intent to restore veterans to employability. Although section 1504 of title 38, USC, authorizes a broad range of services and training adjuncts, it is expected that the Administrator would authorize only such services which are absolute-

ly essential to the veteran's continued pursuit of the approved training program.

The Committee wishes to underscore that, notwithstanding the extension of the limited counseling and training assistance that would be authorized to non-service-connected veterans through the Vocational Rehabilitation program under chapter 31, title 38, it is not the Committee's intent to dilute or modify the present service-connected eligibility criteria of the chapter 31 program or the eligibility criteria of any other VA benefit which is based upon the incurrence of a service-related disability or death. The Disabled American Veterans expressed a concern that such might be the case, stating that a VA General Counsel's opinion of February 9, 1984, relative to benefits provided under chapter 39, title 38, together with the present legislation, could lead to the extension of automobile and adaptive equipment assistance to non-service-connected veterans. The bill, and the Committee, have no such intent. The sole purpose of this legislation is as described above—to assist certain non-service-connected veteran pensioners in obtaining a vocational skill and productive employment, thereby enabling them to be removed from the pension rolls. And while the Committee acknowledges that an array of VA services and assistance could be provided to facilitate the achievement of such objective, it is the Committee's intent that the Administrator provide only such ancillary assistance as is in keeping with the limited objectives of this program, and this should in no way intrude upon the inviolable nature of service-connected benefit eligibility criteria.

The vocational training program established under this section would be authorized for only 5 years. Should the program prove successful, consideration will be given to extending the program to those already on the pension rolls and removing the program expiration date. The Committee believes this program will save money in the long run. The veteran and his family, as well as the taxpayers, would all benefit should this pilot program prove successful.

SERVICEMEN'S GROUP LIFE INSURANCE

Servicemen's Group Life Insurance (SGLI) was first made available to members of the uniformed services on active duty by Public Law 89-214, effective in 1965. Maximum coverage was originally set at $10,000. The program was established to meet the insurance needs of those individuals serving in the military service during the Vietnam era.

One of the important provisions in the original law was the right of the individual to convert to a commercial policy at standard premium rates after his or her separation from active duty. This privilege was primarily designed to protect the insurability of those service-personnel who incurred service-connected disabilities during their tour of duty which would have normally rendered them uninsurable at standard rates. The law also provided each member with 120 days of prepaid coverage after separation when they were readjusting to civilian life and reorganizing their financial affairs. The conversion privilege had to be exercised during the 120-day post-separation period.

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In 1970, the maximum coverage was increased to $15,000 by Public Law 91-291. This law extended part-time coverage to all reservists, to members of the National Guard and to Reserve Officers Training Corps (ROTC) members while engaged in authorized training duty. In 1972, cadets and midshipmen of the service academies were included for full-time coverage. In 1974, Public Law 93-289 increased maximum coverage to $20,000 for all members, and full time coverage was extended to members of the ready reserves and retired reservists. Public Law 97-66 increased the maximum coverage from $20,000 to $35,000 effective December 1, 1981.

Section 203 of the reported bill would increase the maximum insurance under SGLI from $35,000 to $50,000.

It should be noted that the Administrator of Veterans' Affairs has announced a reduction in the premium rates for SGLI effective July 1, 1984. Based on these new premium rates, an insured person will be able to have $50,000 of SGLI coverage following enactment of H.R. 5688 at a lower cost than the $35,000 coverage available prior to July 1.

AUTOMOBILE ALLOWANCE AND SPECIAL ADAPTIVE EQUIPMENT

In 1946, the Congress enacted Public Law 79-663 which provided a one-time grant to selected service-connected veterans for the purchase of an automobile or other conveyance. This grant was provided toward a partial payment for the purchase of an automobile needed because of the physical condition of veterans who had suffered the loss or loss of use of an extremity. It now encompasses a considerably broader group of the service-connected disabled veterans.

The grant authorized by Public Law 79-663 was for $1,600. It was increased to $2,800 by Public Law 91-666, which also provided for assistance in obtaining such adaptive equipment as is deemed necessary to insure that the handicapped veteran will be able to operate the automobile in a manner consistent with the veteran's own safety and the safety of others as well as satisifying the standards of the State law governing licenses to operate such vehicles.

The one-time grant was further increased to $3,300 by Public Law 93-538, to $3,800 by Public Law 95-476 and to $4,400 by Public Law 97-66.

Information available to the Committee indicates a generally satisfactory, ongoing program particularly as it applies to the one-time grant. The Veterans' Administration and this Committee monitor the program of furnishing adaptive equipment, which is a recurring benefit.

Equipment which may be furnished, depending upon the specific disability of the eligible veteran, include power steering, power brakes, automatic transmission, left foot operated gas pedal, hand operated or automatic dimmer switch, modification of brake or clutch pedals, steering wheel knob or ring, relocation of control switches, left hand gear shift lever, van lifter, etc.

Section 204 of H.R. 5688 would increase the one-time grant toward the purchase of an automobile from $4,400 to $5,000. The Veterans' Administration anticipates 700 of these payments during

fiscal year 1985 and the estimated costs would be less than $500,000.

This section would also clarify current law, which provides that an eligible veteran is not entitled to adaptive equipment for more than one automobile at any time. The General Counsel of the Veterans' Administration recently issued an opinion that reimbursement for adaptive equipment on a new vehicle is prohibited if a previously owned automobile, which has adaptive equipment paid for by the Veterans' Administration, has been sold or given to a spouse or family member in the same household. The thrust of this opinion is that the vehicle remains under the veteran's control and is available to him. In effect, the General Counsel said that the vehicle remains in the veteran's household, is available to him, irrespective of the fact that the vehicle may be inoperable, unreliable, or fully utilized by another family member. This means that if an eligible veteran has a 10 year old car with adaptive equipment furnished by the VA and he replaces the worn-out vehicle with a new car, he cannot be reimbursed for equipment on the new car if he transfers title of the old car to his wife or teen-aged child who may drive the car to work or school. But there is no problem if he sells the old vehicle to a neighbor who in turn resells the vehicle to the spouse or child. The proposed bill would simply permit the veteran to be reimbursed for the required adaptive equipment on the veteran's new car if he or she divests title to the old car.

Section-by-Section Analysis

TITLE I—DISABILITY COMPENSATION AND DEPENDENCY AND INDEMNITY COMPENSATION

Part A—Rate Increases

Section 101

Subsection (a) of section 101 would amend subsections (a) through (t) of section 314 of title 38, United States Code, to increase by 4.3 percent the monthly rates of compensation (subsections (a) through (j), (l) through (n), (o), (r), (s), and (t)) and the maximum amounts to veterans rated under subsection (k) or (p).

Subsection (b) of section 101 would authorize the Administrator to increase by 4.3 percent the monthly rates of compensation payable to veterans within the purview of section 10 of Public Law 85–857.

Section 102

Clauses (1) through (6) of section 102 would amend section 315(1) of title 38 to increase by 4.3 percent the rates of additional compensation payable to veterans for their spouses, children or dependent parents.

Section 103

Section 103 would amend section 362 of title 38 to increase by 4.3 percent the annual clothing allowance payable to a service-disabled veteran whose disability requires the use of a prosthetic or orthopedic appliance that tends to tear or wear out the veteran's clothing.

Section 104

Paragraph (1) of subsection (a) of section 104 would amend section 411(a) of title 38 to increase by 4.3 percent the monthly rates of dependency and indemnity compensation (DIC) payable to the surviving spouses of persons who died in or as a result of military service.

Paragraph (2) of subsection (a) of section 104 would amend section 411(b) of title 38 to increase by 4.3 percent the additional DIC payable to a surviving spouse for a child under the age of 18.

Paragraph (3) of subsection (a) of section 104, would amend section 411(c) of title 38 to increase by 4.3 percent the additional DIC payable to a surviving spouse who is a patient in a nursing home or so helpless or blind as to require regular aid and attendance.

Paragraph (4) of subsection (a) of section 104 would amend section 411(d) of title 38 to increase by 4.3 precent the additional DIC payable to a surviving spouse who is so disabled as to be permanently housebound but not in need of regular aid and attendance.

Paragraphs (1) through (4) of subsection (b) of section 104 would amend section 413 of title 38 to increase by 4.3 percent the rates of DIC payable to a veteran's child or children when no surviving spouse is entitled.

Paragraphs (1) through (3) of subsection (c) of section 104 would amend section 414 of title 38 to increase by 4.3 percent the rates of supplemental DIC payable to a veteran's child over the age of 18 who became helpless before reaching that age or who attends an approved educational institution.

Section 105

Section 105 would make the amendments made by Part A of title I effective on December 1, 1984.

Part B—Compensation Program Amendments

Section 111

Subsection (a) of section 111 would amend clause (3) of section 301 of title 38, United States Code, to add to the list of chronic diseases therein "Lupus erythematosus, systemic". Pursuant to paragraph (1) of subsection (a) of section 312 of title 38, such diseases are presumed to be service connected if they become manifest to a degree of 10 percent or more within one year of a veteran's separation from active service.

Subsection (b) of section 111 would amend section 312 of title 38, United States Code, to remove the references "to a degree of 10 per centum or more"; "a 10 per centum degree of disability or more"; and "or aggravated by." Thus, for all of the presumptions of service connection provided therein, it would remove the requirement that the diseases be manifest to a degree of 10 per centum within the prescribed postservice periods in order to be presumed service connected; it would be enough that they become manifest during those periods, and the presumptions would be of service incurrence only (not service aggravation).

Subsection (c) of section 111 would make the amendments made by the section effective on October 1, 1984.

Section 112

Subsection (a) of section 112 would amend section 335 of title 38, United States Code, relating to the percentage of disability that triggers eligibility for additional compensation for dependents, to strike out "50 per centum" and insert in lieu thereof "30 percent." This is a technical amendment to conform section 335 to section 315 of that title, as amended by section 102(b) of Public Law 95-479 in 1978. Since 1972, disabled veterans of wartime and peacetime periods have been equally entitled to additional compensation for spouses, children and dependent parents. When section 315, relating to wartime veterans, was liberalized in 1978 to permit additional compensation for veterans 30 percent disabled, a corresponding amendment to section 335 (peacetime veterans) was inadvertently omitted. The Veterans' Administration has interpreted section 102(b) of Public Law 95-479 as applying to peacetime as well as wartime veterans, hence no change in eligibility will result from this technical amendment.

Subsection (b) of section 112 would make the amendment made by that section effective on October 1, 1984.

TITLE II—OTHER VETERANS' PROGRAM IMPROVEMENTS

Section 201

Subsection (a) of section 201 would add a new section 223 to title 38, United States Code, authorizing establishment of the "Advisory Committee on Veterans Exposed to Ionizing Radiation." The Administrator would be required to consult with and seek the advice of the committee, on a regular basis, concerning (1) administration of programs of veterans' benefits with respect to veterans exposed to ionizing radiation in service; (2) the unique needs of these veterans, their dependents and survivors with respect to compensation, health care and rehabilitation, and (3) the recognition of health problems as symptomatic of such exposure.

The committee would be required to report to the Administrator at specified intervals regarding such veterans' needs under these programs and activities, and include any recommendations for changes in them. The Administrator would be required to immediately forward those reports to the Congress, together with his comments. It would also be required that the annual reports of the VA, prepared pursuant to section 214 of title 38, contain summaries of the committee's reports and recommendations.

Subsection (b) of section 201 provides that the new section added by subsection (a) shall take effect on October 1, 1984.

Section 202

Amends chapter 15 of title 38 to add a new section 524 which authorizes vocational assistance for new pension recipients under age 50.

Paragraph (1) of subsection (a) of section 202 amends subchapter II of chapter 15 establishing a new section 524 entitled "Vocational training assistance for new pension recipients," as follows:

New section 524: Subsection (a). States that this section applies to the awarding of pension to a veteran under age 50.

Subsection (b). Provides that the Administrator shall determine, based upon an eligible pension applicant's personal interview with, and evaluation by, a VA employee trained in vocational counseling, whether the achievement of a vocational goal by the applicant is reasonably feasible. Payment of pension will be suspended unless the veteran participates and cooperates, as necessary, in the interview and evaluation process.

Subsection (c). Provides that if the Administrator determines that the achievement of a vocational goal is not reasonably feasible, payment of pension shall continue.

Paragraph (1) of subsection (d). States that, if achievement of a vocational goal is feasible, the veteran may enroll in a vocational training program designed to meet the veteran's individual needs.

Paragraph (2) of subsection (d). Provides that such training program will be conducted as a chapter 31 training program.

Paragraph (3) of subsection (d). Authorizes payment of pension for program participants in accordance with provisions of chapter 15 of title 38, and authorizes provision of any of the services described in section 1504(a) of chapter 31 of the same title, with the exception of subsistence allowance and other assistance authorized by sections 1508 and 1512.

Paragraph (4) of subsection (d). Limits a program of vocational training to a maximum of 48 months, but provides that when training is completed, certain counseling, placement, and postplacement services may be provided for a maximum of 18 additional months.

Paragraph (5) of subsection (d). States that no training program may begin after September 30, 1989.

Subsection (e). Authorizes continued eligibility for drugs or medicine under section 612(h) of title 38, for certain veterans participating in a training program under this section who are permanently housebound or in need of regular aid and attendance, and whose pension entitlement (after completion of training) may be terminated solely because income limitations are exceeded. This continued eligibility is limited to 1 year following termination of pension entitlement.

Paragraph (2) of subsection (a) of section 202 amends the table of sections at the beginning of chapter 15 to include reference to new section 524.

Subsection (b) of section 202 states that the provisions of new section 524 shall apply only with respect to applications for pension received by the VA after September 30, 1984.

Section 203

Subsection (a) of section 203 would amend section 767 of title 38, United States Code, to increase to $50,000 the maximum coverage available under the Servicemen's Group Life Insurance program. As under current law, which provides for maximum coverage of $35,000, insureds could elect to purchase any lesser amounts in increments of $5,000.

Subsection (b) of section 203 provides that the amendments made by subsection (a) would be effective October 1, 1984.

Section 204

Subsection (a) of section 204 would amend 38 U.S.C. § 1902(a) to increase, to $5,000, the maximum assistance VA can provide to certain veterans with severe service-connected disabilities for the purchase of an automobile or other conveyance. The current maximum is $4,400.

Subsection (b) of section 204 would amend 38 U.S.C. § 1903(c), which limits entitlement to VA-provided adaptive equipment for automobiles or other conveyances such that equipment may be provided a veteran for only one vehicle at any one time. The VA has construed this to mean that if a veteran "conveys" the vehicle to a family member or another acquaintance but retains access to its use, the veteran does not thereby become entitled to adaptive equipment for a second vehicle. Subsection (b) of section 204 would provide that, in such cases, entitlement to adaptive equiment for a second vehicle arises regardless of to whom the first vehicle is conveyed.

Subsection (c) of section 204 provides that amendments made by the section would be effective October 1, 1984.

Oversight Findings

No oversight findings have been submitted to the Committee by the Committee on Government Operations.

Budget Statement

As required by the Rules of the House, the following letter was received from the Congressional Budget Office (CBO) concerning the cost of H.R. 5688 as reported:

U.S. Congress,
Congressional Budget Office,
Washington, D.C., June 5, 1984.

The Honorable G.V. Montgomery,
Chairman, Committee on Veterans' U.S. House of Representatives, Washington, D.C.

Dear Mr. Chairman: The Congressional Budget Office has reviewed H.R. 5688, the Veterans' Compensation Amendments for Fiscal Year 1985, as ordered reported by the House Committee on Veterans' Affairs, May 22, 1984.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

Rudolph G. Penner, *Director.*

Congressional Budget Office—Cost Estimate

1. Bill Number: H.R. 5688.
2. Bill title: Veterans' Compensation Amendments for Fiscal Year 1985.
3. Bill status: As ordered reported by the House Committee on Veterans' Affairs, May 22, 1984.
4. Bill purpose: To increase the rates of veterans' disability compensation and dependency and indemnity compensation, and other purposes.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1985	1986	1987	1988	1989
Budget authority [1]	366.9	450.5	446.7	438.5	429.9
Outlays	331.5	449.7	447.0	438.8	430.3

[1] The veterans' disability program is an entitlement program for which annual appropriations are mandatory.

The cost of this bill would fall in budget function 700.

BASIS FOR ESTIMATE

The following section-by-section cost analysis addresses only those sections of the bill that would be expected to have a significant budgetary impact.

Title I

Sections 101–105: These sections would increase by 4.3 percent the monthly rates of disability compensation and of dependency and indemnity compensation (DIC), effective December 1, 1984.

[By fiscal year, in millions of dollars]

	1985	1986	1987	1988	1989
Budget authority	358.8	424.4	416.3	406.7	396.5
Outlays	323.9	424.8	417.1	407.5	397.3

The cost of these sections was estimated by multiplying the average costs in each year for all disability compensation cases and for all DIC cases by 4.3 percent. The resulting average increases in costs per year were then multiplied by the estimated number of cases in each program each year to calculate the annual cost. Future average cost and caseload levels are projected according to historical trends for veterans and survivors by period of service. It was determined from the historical monthly spending pattern that approximately 83.2 percent of the fiscal year 1985 costs would occur between December 1, 1984 and the end of the fiscal year under current law. This percentage was then applied to the estimated cost for 1985 to reflect the December effective date.

Section 111(a): This section would add the condition of systemic lupus erythematosis (SLE) to the list of chronic diseases that are presumed under law to have been incurred in service if they become manifest to a degree of 10 percent or more within one year of discharge.

According to the Veterans Administration (VA), a 10 percent disability rating for SLE requires that the veteran have "exacerbations once or twice a year or be symptomatic during the past 2 years." [1] Most veterans qualifying for a 10 percent rating for SLE within one year of discharge displayed symptoms while in service and, thus, are granted service-connection under current law. The

[1] U.S. Veterans Administration, *Schedule for Rating Disabilities*, p. 67–4R.

number of new compensation cases expected to result from this provision should, therefore, be quite small.

Section 111(b): This section also deals with the statutory presumption that certain diseases are incurred in service if they become manifest to a 10 percent or greater degree of disability within a prescribed period following separation from service. The requirement that the disease reach a level of severity warranting a 10 percent disability rating within the specified time period would be removed by section 111(b).

[By fiscal year, in million of dollars]

	1985	1986	1987	1988	1989
Budget authority	6.0	20.9	26.2	31.8	37.7
Outlays	5.5	19.7	25.7	31.3	37.3

The above estimate is based on data provided by the staff of the Board of Veterans Appeals (BVA) and taken from their index of appelate decisions during calendar year 1983. In that year, 1680 decisions were rendered on claims for compensation involving chronic and tropical diseases to which the presumption of service-connection could apply. Further, only a proportion of the disallowances decided at the regional office (RO) level are appealed to the BVA, so the total number of disallowances in this category would be considerably higher. To estimate the number of decisions—both initial and appelate—likely to be reversed by this provision, the following assumptions were made:

Fifty percent of initial disallowances file Notices of Disagreement (NODs). This assumption was based on the fact that, of the cases in which NODs were filed after an initial disallowance, only 64.2 percent appealed the decision to the BVA. Under this assumption, cases decided by the BVA would represent only 32 percent of the total number of denials, the remaining cases having failed to pursue the claim.

Ten percent of the BVA denials involving listed diseases would be allowed under this provision. Thus, it was estimated that approximately 400 new disability compensation cases would be allowed each year.

Thirty percent of the disability compensation cases in this category that have been denied over the last ten years would reapply and be approved.

Since these diseases are chronic and usually severely disabling, an average degree of disability of 70 percent was used. The average number of dependents per case eligible for dependents allowance was assumed for each case.

Since the total number of DIC cases is equal to 35 percent of compensation cases rated above 20 percent, new DIC awards under this provision were assumed to equal 35 percent of the number of new disability compensation awards. The average benefit for all DIC cases was assumed to be applicable to the new awards.

Title II

Section 202: This section would institute a new requirement for veterans under the age of 50 who apply for disability pension after September 30, 1984. These veterans would be required to participate in vocational counseling to determine if the achievement of a vocational objective by the veteran would be reasonably feasible. If a vocational goal appears achievable, the veteran could elect to pursue a program of vocational training at VA expense. The VA would pay for all tuition, fees, books, supplies, etc., in addition to the veteran's regular pension benefit. Vocational training programs could not exceed 48 months in duration, and training in such programs could not begin after September 30, 1989.

[By fiscal year, in millions of dollars]

	1985	1986	1987	1988	1989
Readjustment benefits:					
Budget authority	0.5	2.8	3.8	3.8	3.8
Outlays	0.5	2.8	3.8	3.8	3.8
Pensions:					
Budget authority	0.0	0.0	−1.9	−6.0	−10.4
Outlays	0.0	0.0	−1.9	−6.0	−10.4
General operating expenses:					
Budget authority	1.0	1.7	1.8	1.8	1.9
Outlays	1.0	1.7	1.8	1.8	1.9
Net budgetary impact:					
Budget authority	1.5	4.5	3.7	−0.4	−4.7
Outlays	1.5	4.5	3.7	−0.4	−4.7

According to VA data, in 1983 there were approximately 6,250 new pension awards made to veterans under the age of 50. Based on information from the VA's Vocational Rehabilitation and counseling Service, it was assumed that 30 percent of these veterans would be determined capable of achieving a vocational goal. It was further assumed that 25 percent of those eligible for training would not elect to participate in the program beyond the required counseling phase. Thus, about 1,400 pension veterans were assumed to enter training each year.

The experience of the Chapter 31 (title 38, U.S.C.) vocational rehabilitation program indicates that goal-oriented, job-specific training averages around 24 months in duration. This was, therefore, assumed to be the average length of training for the young pension veterans. The average cost of training was based on the average annual payment for training under Chapter 31, excluding the subsistence allowance.

Savings in pension benefits would accrue as veterans complete training, obtain jobs, and leave the pension rolls. Based on information from VA's Vocational Rehabilitation and Counseling Service, it was assumed that 50 percent of those who began training would complete it and that 75 percent of those who complete training would find jobs.

Since the majority of veterans under age 50 served during the Vietnam Era, a projection of the average pension benefit (P.L. 95–588 pension) payable to Vietnam Era veterans was used as the av-

erage pension amount that would be saved for each veteran who found employment after training.

The estimate of the administrative costs that would be generated by this provision was based on an estimate prepared by the VA with minor adjustments for differences in trainee estimates.

Section 203: This section would increase from $35,000 to $50,000 the maximum amount of insurance available under the Serviceman's Group Life Insurance program.

Since this fund is required by law to be actuarially sound, the proposed increase in insurance coverage would be financed by higher premium payments from the service personnel opting for the increased coverage. Thus, there should be no cost to the federal government.

Section 204: This section would increase from $4,400 to $5,000 the maximum grant available to certain disabled veterans for the purchase of an automobile.

[By fiscal year, in millions of dollars]

	1985	1986	1987	1988	1989
Budget authority	0.6	0.7	0.5	0.4	0.4
Outlays	0.6	0.7	0.5	0.4	0.4

The number of auto grants made each year has been declining for several years. The above estimate assumes that this provision would temporarily decrease the rate of decline, since that has been the experience with previous hikes in the grant ceiling. Thus, while all grants awarded would be higher under this provision, an increase in the number of grants would also be expected to result.

6. Estimated cost to State and local governments: None.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: K. W. Shepherd (226–2820).

10. Estimate approved by: C. G. Nuckols (for James L. Blum, Assistant Director for Budget Analysis).

Cost

The Committee concurs in the cost estimate of the Congressional Budget Office as to all sections of the reported bill except section 111(b).

The Committee strongly disagrees with the cost estimate of $6.0 million in budget authority and $5.5 million in outlays for fiscal year 1985 as set forth in that cost estimate.

CBO assumes that 50 percent of all veterans whose initial claims are disallowed file Notices of Disagreement. This is grossly inaccurate, and, if true, would more than triple the workload of the Board of Veterans' Appeals. CBO assumes 10 percent of the Board of Veterans' Appeals denials involving listed diseases would be allowed under this provision. This is also grossly inaccurate and shows a lack of comprehension of the issue involved. There are 57 chronic diseases listed in title 38 and some, such as organic diseases of the nervous system, and malignancies include many individ-

ual diagnosis. Any appeal for service connection for any of these diseases requires consideration under the presumptive disease provision of law. This is true whether or not the veteran raised the issue and applies to conditions first manifested many years after service.

Section 111(b) of the reported bill is limited to disabilities which are shown by the evidence to be manifested within the first year (or longer presumptive period in three instances) following service. The reported bill still requires that there be ascertainable manifestations within the presumptive period. It only eliminates the requirement that there be ascertainable manifestations ratable at a minimum of ten percent within that period. The number of such cases currently denied for lack of the requisite ten percent evaluation is, in the Committee's experience, miniscule.

Using CBO's own assumptions that the average degree of disability to be awarded in such cases would be as high as 70 percent, shows how inconsistent it is to hold that substantial numbers of them would have little or no disability within the presumptive period which would still be required for the granting of service connection.

Inflationary Impact Statement

The enactment of the reported bill would have no inflationary impact.

Agency Reports

The committee received the following views of the Veterans' Administration and the Department of Defense on legislation similar to the reported bill:

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, D.C., May 9, 1984.

Hon. G. V. (SONNY) MONTGOMERY,
Chairman, Committee on Veterans' Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: On April 16, you requested our official views on 5 bills scheduled for a hearing before the Subcommittee on Compensation, Pension and Insurance.

The Chief Benefits Director presented the VA's official positions on 4 of these (H.R.'s 5441, 5443, 5444, and 5445) at the May 1 Subcommittee hearing. A copy of her statement, which includes the cost estimates you requested, is enclosed.

A report detailing our views on H.R. 5442 will be forwarded as soon as possible.

Sincerely,

EVERETT ALVAREZ, Jr.,
Deputy Administrator
(For Harry N. Walters, Administrator).

Enclosure.

PREPARED STATEMENT OF DOROTHY L. STARBUCK, CHIEF BENEFITS DIRECTOR, VETERANS' ADMINISTRATION

Good morning, Mr. Chairman and members of the Subcommittee. I am very pleased to be here this morning to discuss the Administration's views on bills pending before the Subcommittee. With your permission, I will first discuss the compensation cost-of-living increase and then turn to the other bills on the agenda.

Mr. Chairman, the Veterans' Administration strongly supports a cost-of-living increase in disability and dependency and indemnity compensation rates effective April 1, 1985. This date would be one year after the most recent increase in these benefits. Our support is consistent with our previous recommendations intended to offset the erosion in the purchasing power of these benefits caused by inflation. Our proposal is for an increase using the same percentage as will be applied to Social Security and VA pension rates effective December 1, 1984.

When the President's budget went forward in January, we anticipated the COLA percentage to be 4.3 percent. Since then, it has been revised downward to an estimated 4.1 percent. The actual percentage will be determined by the Social Security Administration, in accordance with a revised computation method, not later than November 1, 1984.

Mr. Chairman, section 2 of H.R. 5444 would increase, by 4 3 percent, the basic compensation rates as well as the higher rates for certain specified disabilities. Section 3 would increase, by the same percentage, the rates of additional compensation for dependents, and section 4, the annual clothing allowance. Sections 5 through 7 would increase DIC rates for surviving spouses and children, also by 4.3 percent. The effective date for these increases would be December 1, 1984. As the most recent increase became effective April 1, 1984, this would have the effect of giving compensation and DIC recipients a dual increase during 1984—a 3.5 percent increase in April and a further increase in December.

Mr. Chairman, from 1976 to 1982, compensation COLA's were made effective on October 1. Beginning in 1979, the COLA percentage was made identical to the Social Security-VA pension percentage effective the previous June 1. The Administration supported this policy. Because of the need for legislative savings last year, the compensation COLA was deferred to April 1 of this year. This was a one-time deferral consistent with the changeover of the Social Security-VA pension COLA effective date to a calendar year basis. We explained last year our belief that future compensation COLA's should be effective on April 1. Our experience last year has taught us that, in these times of escalating federal deficits, veterans are prepared to share the burdens of cost-saving measures, provided they are fairly distributed. We do not believe veterans or survivors would ask to be singled out to receive favored treatment by being granted a dual increase this year. H.R. 5444 would, in effect, void much of the savings realized from last year's deferral. Although we strongly favor a cost-of-living increase, we cannot support the effective date in this measure.

Mr. Chairman, the fiscal year 1985 cost of a 4.1 percent increase, effective April 1, 1985, would be $197.4 million. Making this in-

crease effective on December 1, 1984, would cost an additional $131.6 million. The fiscal year 1985 cost of H.R. 5444 would be $367 million.

Mr. Chairman, I would like to turn now to H.R. 4890, a bill that would increase to $5,000 the maximum amount of assistance we may extend to certain severely disabled veterans for the purchase of an automobile. We favor this increase. To qualify for this benefit, the service-disabled veteran must have suffered the loss or loss of use of one or both hands or feet or total blindness. The current maximum is $4,400. Since this benefit was last increased in 1981, automobile costs have increased considerably. In 1983 the average cost for a new car was almost 18 percent higher than in 1981, according to the Department of Commerce. The increase proposed by H.R. 4890 is certainly justifiable, and we support it.

We anticipate making about 700 automobile assistance grants in fiscal year 1985. H.R. 4890 would increase our costs by approximately $420,000 during the coming fiscal year.

Mr. Chairman, the next bill I would like to discuss is H.R. 5441. This bill would add "systemic lupus erythematosis" (SLE) to the list of chronic diseases in section 301 of title 38, United States Code. In addition, the bill would delete an evidentiary requirement applicable to most of the statutory presumptions available under section 312, and make a technical change.

Mr. Chairman, SLE is a disease of unknown origin that can affect various body systems. It is considered to be an auto-immune disorder because of the frequent presence of antibodies that attack various body components. The course of this disease is highly variable and can begin abruptly with an acute initial episode or develop insidiously with intermittent symptoms such as fever, malaise, or multiple joint pain. Remission of symptoms is common, and a person with this disorder may experience no recurrence of symptoms for months or years. Service connection for SLE is currently in effect in some 477 cases.

Mr. Chairman, by letter dated April 12, 1984, we explained in detail why we believe SLE should not be added to the list of chronic diseases for which presumptive service connection may be granted. As you know, the statutory presumptions are applied only when the service records contain no evidence of symptoms, diagnosis, or treatment during military service. The one-year presumptions apply when the veteran, after separation from service, manifests symptoms to a 10-percent degree or more within one year after discharge.

In accordance with our Rating Schedule, a 10 percent evaluation is warranted for SLE when the veteran has "exacerbations once or twice a year or [is] symptomatic during the past 2 years." A veteran with SLE to this degree of severity during the one-year period following separation would in all likelihood have had lupus manifestations in service and would be entitled to service connection without the aid of a presumption. Hence we regard the addition of SLE to the list of chronic diseases as quite unnecessary.

H.R. 5441, however, goes much further. It would delete, for most of the chronic disease presumptions, the evidentiary requirement that certain diseases must be manifest "to a degree of 10 percent or more" within the prescribed post-service time period of one year. If

this evidentiary requirement were deleted, we would be left without an important statutory guideline, not only in the case of SLE, but for all the other chronic diseases listed in section 301.

Mr. Chairman, the purpose of the statutory presumptions is to assure that no veteran's reasonable claim to compensation is overlooked, even when there is nothing in the service records to document the claim of service inception. For the chronic diseases listed in section 301, the 10-percent criterion reasonably restricts the use of a presumption to establish service connection to those cases in which the veteran's disease has reached at least a minimum pathological stage during the first post-service year.

We believe this is a very reasonable criterion which should be retained as a basis for presuming the later-appearing condition was related to service.

If a diagnosis is given of hypertension within a year of discharge, with no history of diastolic pressure of 100 or more and no medication prescribed, there is no basis to presume hypertension existed in service. However, if this bill is enacted, heart disease which first becomes disabling many years after discharge would be service-connected by presumption on the basis of a diagnosis of hypertension, zero percent disabling, within a year of discharge. If the veteran died of the heart condition, dependency and indemnity compensation would be payable. We strongly urge your disapproval of H.R. 5441, particularly this provision, which we believe is inconsistent with the basic purpose of the compensation program.

The addition of SLE to the list of chronic diseases would have little cost, far less than $1 million per year. The deletion of the 10-percent evidentiary requirement could, we believe, dramatically escalate compensation costs over the years.

Mr. Chairman, H.R. 5443 would increase, from $35,000 to $50,000, the maximum amount of coverage under the Servicemen's Group Life Insurance (SGLI) program. This program affords low-cost term life insurance to active duty service personnel and certain other categories of military personnel such as reservists. The SGLI maximum was most recently increased by Public Law 97-66, effective December 1, 1981.

The availability of SGLI coverage serves as an aid in the recruitment and retention of members of the Armed Forces and auxiliary groups such as the Reserves. We would, therefore, defer to the Department of Defense as to the merit of this increase.

SGLI is funded by premiums collected except that the Government is responsible for costs resulting from the extra hazards of military duty. Unless the Nation were to become involved in an armed conflict, there would be no increased cost to the Government from the enactment of H.R. 5443.

We observe that the effective date for the increased coverage is contemplated for October 1, 1984. Should the increase be approved, we suggest making the effective date 90 days after the date of enactment. This would provide time for implementation.

The next bill on the agenda, Mr. Chairman, is H.R. 5445. This bill would increase the DIC rate payable to the surviving spouse of a Coast Guard Commandant to the level payable to the surviving spouses of other military service commandants such as the Chief of Staff of the Army. Currently, the DIC rate for surviving spouses of

Coast Guard commandants is $1,179 per month, the "O-10" survivors' rate. This is because DIC rates are based on military pay grades, and the Coast Guard Commandant's pay grade is "O-10."

Because the other top military commandants have special higher pay grades, their eligible surviving spouses are granted DIC at the rate shown in the note appearing at the end of the DIC rate table in section 411(a) of title 38, United States Code. H.R. 5445 would increase the Coast Guard Commandant's surviving spouse's DIC rate to $1,265, but would not have any effect on the Commandant's pay grade. In terms of the DIC rate table, this exception would create an anomaly. Therefore, we do not support the enactment of H.R. 5445.

Finally, Mr. Chairman, I would like to discuss H.R. 5442, which would make payment of pension to certain otherwise eligible applicants under age 50 conditional upon participation in programs of vocational training. While we support the bill's concept of assisting veterans and reducing the numbers on our pension rolls, we reserve judgment on the bill until we have had an opportunity to more fully analyze the bill's provisions. We will be providing a report to the Committee in the near future, which may well contain recommendations for improving the bill's effectiveness.

Mr. Chairman, that concludes my formal statement. I will be pleased to answer any questions you or other members of the Subcommittee may have.

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, D.C., May 22, 1984.

Hon. G. V. (SONNY) MONTGOMERY,
Chairman, Committee on Veterans' Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am pleased to respond to your request for the views of the Veterans' Administration (VA) on H.R. 5442, 98th Congress, a bill that would make payment of pension to certain otherwise eligible veterans under age 50 conditional upon participation in programs of vocational rehabilitation.

While we support the concept of assisting veterans and reducing the numbers on our pension rolls, we cannot support the bill as introduced. However, if the bill were to be amended as detailed in this report and enacted as a 5-year pilot program, the VA would support its enactment.

H.R. 5442 would amend chapter 15 of title 38, United States Code, to require the Administrator to determine, in the case of each new pension applicant under age 50, whether achievement of a vocational goal is reasonably feasible. If the achievement of a vocational goal is determined feasible, the veteran would be required to enter into a vocational training program before payment of pension could begin. If achievement of this goal is determined not feasible, payment of pension would begin immediately and no training would be required. In either case, the effective date of the veteran's award of pension would be unaffected.

Each training program would be conducted as a vocational rehabilitation program under chapter 31 of title 38. Participants would

be eligible to receive any of the services provided under chapter 31, except for subsistence allowances or related assistance, advances from the revolving fund, and payment of employment adjustment allowances. The maximum duration of a training program would be 48 months.

To encourage continued participation in a training program, H.R. 5442 provides that, if at any time a veteran voluntarily withdraws from training (or otherwise fails to complete the program for reasons within the veteran's control) without the Administrator's approval, payment of pension would be suspended until training is resumed.

H.R. 5442 would also authorize continued eligibility for drugs or medicine under section 612(h) of title 38, for certain veterans who are permanently housebound or are in need of regular aid and attendance, and whose pension entitlement (after completion of training) may be terminated solely because income limitations are exceeded. This continued eligibility would be limited to 1 year following termination of pension entitlement.

As discussed in more detail below, we believe that enactment of H.R. 5442 as introduced, without an opportunity to study its potential impact, including the characteristics of the veteran population to which it is targeted, i.e., those veterans under age 50 entitled to pension by virtue of total and permanent disability, would be premature. Additionally, there are numerous aspects of the measure as introduced which should be modified to improve its effectiveness.

Currently available statistics indicate that younger pensioners are, to a relatively high degree, disabled by psychiatric/neurological disabilities. Such disabilities far outweigh other types of disabilities for those already on the pension rolls, and we have no reason to believe that those who will be added to the rolls in the future will differ significantly. In this regard, we would point out that it has been our experience, in evaluating veterans for chapter 31 purposes, that vocational rehabilitation is more frequently found not reasonably feasible for those with serious neuropsychiatric conditions than for those having severe physical disabilities.

In any case, there still are many things about these younger pensioners which are not ascertainable from currently available data. We cannot determine at what levels they are functioning physically or mentally, and we have no information regarding their educational levels. As a result, we are unable to determine the impact that the program would have on the Agency in terms of cost of training and personnel requirements.

Ideally, before enactment of the program, a study should be undertaken to provide a more accurate profile of the potentially eligible veterans. Information already available in the claims folders of new pension recipients could be reviewed in order to more accurately forecast the types and duration of training that would be needed. Additionally, an analysis should be made of the work history and educational levels, military history, and duration and severity of the disabilities of the targeted veteran population. This analysis would provide a better picture of the numbers of veterans for whom training would be feasible, and might also point out how the "feasibility" in this group might differ from the service-disabled

veteran population. Such a study, in our view, is a reasonable prerequisite to any legislation creating a permanent program of this nature.

Even absent the benefit of such a profile, we would suggest that there are other factors which indicate that the age range of the targeted veteran population for whom vocational training is being proposed should be lowered. The vocational training authorized by H.R. 5442, and the projected governmental expenditures therefor, would only be justified if the rehabilitated person were able to pursue the occupation for which retrained for a number of years. Further, we believe that it would be in the veteran's interest that such employment extend for a period of at least 10 years to achieve a more economically favorable position for eventual retirement based on age.

Since age 62 would be the most likely retirement age for persons already disabled, we believe it would be necessary, in order to ensure 10 years of employment, for the veteran to enter the program no later than age 46. Establishing the targeted age for new pension applicants at age 46 or less would allow sufficient time for a veteran to be fully evaluated; to pursue a training program, with allowance made for loss of training time due to medical reasons; and to receive up to 18 months of employment assistance. Thus, persons who begin vocational training no later than age 46 could receive the full advantage of the program and be in a position to obtain and maintain reasonably stable employment.

We note that the bill speaks to a "program of vocational training" but does not specify the scope of training embraced by this term. Traditionally, the VA, in its administration of educational benefit programs, has considered a vocational training program to be a non-college degree course which qualifies a trainee for a vocational, as opposed to an educational or professional, objective. We note, however, that the Congress recently expanded this approach for purposes of the chapter 34 targeted delimiting date extension provision to specifically include an associate degree program, if the program is predominantly vocational in nature. Since the concern of H.R. 5442, like that of the targeted delimiting date extension, is to promote veterans' attainment of a reasonably stable employment situation, we believe that the instant measure should define the nature of training authorized in the same manner.

It is likely that veterans who qualify for pension benefits already have some training background and employment experience. In our view, these individuals will require comprehensive vocational evaluation of their special circumstances, and will benefit most, in terms of employability, from job-focused vocational training (including associate degree-level training which is predominantly vocational in content). Such training would enable eligible veterans to qualify for employment and enter the job market within a reasonably short period of time.

Our experience indicates that, for the most part, this goal-oriented, job-specific training can be accomplished in 18 to 24 months. Therefore, in lieu of the bill's provision for a 48-month training period, we recommend that each program of training be limited to a period of 24 months, with provision for granting an extension if the Administrator determines that additional training is necessary

to accomplish the purposes of a rehabilitation program for the veteran concerned.

H.R. 5442 provides that, in determining feasibility for achieving a vocational goal, applicants would be evaluated by VA employees trained in vocational counseling. We believe this provision should be clarified and expanded to provide that evaluations will be conducted in the same manner as under chapter 31, including utilization of a period of extended evaluation, and other evaluation and diagnostic services authorized under that chapter.

Payment of pension under H.R. 5442 apparently would not begin until a veteran actually enters a program of training. We are concerned that this does not take into account the possibility of delays occurring in the initial feasibility determination, nor does it reflect consideration that the process of designing a specific training program and enrolling the veteran therein could be quite lengthy in certain cases. Consequently, we recommend that the bill be amended to authorize pension payments during the evaluation period. Should a veteran for whom training is determined feasible subsequently fail to enter a training program, pension payments could be suspended at that time.

We have several concerns with regard to subsection (d)(3) of the bill. In the first instance, as a technical matter, we believe the reference to section 1501(a) should properly be to section 1504(a) of title 38. More importantly, however, we are concerned that this provision, with certain limited exceptions, authorizes a trainee to receive any of the assistance and sevices described in section 1504(a).

We believe that the assistance and services authorized by reference to section 1504(a) may be over inclusive. For example, this would include a work-study allowance under section 1504(a)(4); automotive adaptive equipment under section 1504(a)(10); and services to achieve maximum independence in daily living under section 1504(a)(15). Such provisions were designed to achieve the broad purposes of the chapter 31 training and rehabilitation program for service-disabled veterans. In our view, providing the same assistance and services here would be neither necessary, appropriate, nor cost effective, considering the more limited purposes of this bill. Consequently, we recommend that such items be excluded from the assistance authorized under subsection (d)(3) of this measure.

In another area, on the other hand, we believe that subsection (d)(3) may be too restrictive. While apparently drafted to emphasize that certain vocational rehabilitation assistance and services authorized under chapter 31 of title 38 would be available to a veteran found feasible for training under this bill, the subsection's language, nevertheless, can be narrowly read to limit such services to the period during which the veteran is actually enrolled in a training program.

In view of the great difficulty frequently encountered by disabled individuals in obtaining and maintaining stable employment, we recommend that subsection (d)(3) be revised to specify that a veteran who has successfully completed a vocational training program may be afforded employment assistance, including any necessary placement and postplacement services. In this regard, we further

recommend that the Administrator be authorized to provide such services for a maximum of 18 months. This would be consistent with a similar chapter 31 provision (38 U.S.C. § 1505(b)), which authorizes such additional services as needed to accomplish the purposes of a rehabilitation program in the individual case.

We would point out that H.R. 5442 contains no provision to guard against possible duplication of benefits. For example, a veteran in training for an associate degree under this section may have entitlement, as well, to educational benefits under the GI Bill for the same pursuit. To insure against duplicative payment of benefits, we believe the bill should be amended to specifically provide that a veteran pursuing training under this program shall not be eligible, while so training, for benefits under any other education programs administered by the VA.

Finally, due to the questions that this program raises concerning such matters as the composition of the targeted veteran population, the character of disabilities implicated, the feasibility of training such veterans, and the real potential for their obtaining and maintaining employment, we believe that the program should be established as a 5-year pilot program, allowing for evaluation of its impact and cost effectiveness in future years.

We estimate enactment of H.R. 5442 would result in the following readjustment benefits costs, administrative costs, and pension savings for fiscal years 1985 through 1989:

[In thousands of dollars]

	Readjustment benefits cost	Pension savings	Administrative costs
Fiscal year:			
1985	2,500	.....	1,209
1986	5,100	.....	1,743
1987	5,400	−4,300	1,761
1988	5,600	−8,900	1,778
1989	5,900	−13,700	1,795
Total	24,500	−26,900	8,286

These projections suggest a progressively favorable benefits cost/savings ratio during the first 5 years. However, since we have had no experience in this type of program for pensioners generally, we cannot be certain that long-term savings will be achieved. In view of this, we would strongly recommend that this be a pilot program.

We have been advised by the Office of Management and Budget that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

HARRY N. WALTERS,
Administrator.

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., May 30, 1984.

Hon. G. V. (SONNY) MONTGOMERY,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with your request we have reviewed the features of H.R. 5443, 98th Congress, a bill "To amend title 38, United States Code, to increase from $35,000 to $50,000 the maximum amount of insurance available under the Servicemen's Group Life Insurance program."

The purpose of this legislation is to increase the amount of maximum coverage under the Servicemen's Group Life Insurance (Subchapter III, Chapter 19, Title 38, United States Code) from $35,000 to $50,000. This proposal is consistent with the findings and recommendations of the Fifth Quadrennial Review of Military Compensation conducted under the authority of 37 USC 1008(b). The Review found that the Government has a proper obligation to encourage and facilitate the purchase by servicemembers of sufficient insurance protection, through a government-sponsored program, to reduce the possibility that survivors will suffer undue financial hardship. Further finding indicates that, although the Servicemen's Group Life Insurance (SGLI) has kept pace with inflation, it does not provide basic level coverage comparable to that which can be purchased from private-sector insurance companies. Consequently, the Review recommends that the basic level of SGLI coverage be increased to $50,000.

Although the SGLI is a program administered by the Veterans Administration, the Department of Defense has long recognized that the insurance available is a basic element of military estate planning for members. In its operation, the Veterans' Administration has provided services to the survivors of members on a timely basis and consistently seeks initiatives to improve the program's administration. Recognizing the importance of the SGLI to members and their survivors, the Congress and the Administration have cooperated to ensure that the level of coverage under the SGLI has been responsive to changing economic factors. Since its establishment in 1965, the level of maximum coverage has been increased three times from the original $10,000 amount. In 1981, the most recent increase occurred. Public Law 97-66 increased the maximum coverage from $20,000 to $35,000 recognizing that the real value of the $20,000 amount had declined to about $13,000 due to inflationary pressure. If SGLI is to continue to meet its intended purpose of providing a basic level of insurance protection, it must keep pace with inflation.

This proposal would enhance the SGLI program by increasing the maximum level of coverage from $35,000 to $50,000, thereby ensuring that the program remains responsive to the economy. As presented, a member's coverage would be automatically increased on the effective date, unless the member declines the increased maximum or elects a lesser amount in increments evenly divisible by $5,000. A similar increase would be made available for members of the retired reserve upon written application for such increased coverage. These proposed amendments to raise the maximum level

of coverage will strengthen the military estate program and keep the SGLI responsive to economic trends.

Recently, the Federal Employee's Group Life Insurance Program was improved by Public Law 96-427. The most signifcant effect of this Act was to provide federal employees new forms of optional insurance. In addition, the basic insurance was also increased. The proposal provides the opportunity to make improvements in the government sponsored insurance program available to the military members. We believe it is important to recognize that the men and women serving have similar needs as federal civilians. Unlike the subsidized civilian program, however, other than extra hazard costs, the military optional program would be sustained by member costs.

We understand that the costs relative to this proposal, other than extra hazard costs, would be borne by the insured population. We do not expect that extra hazard costs would be a relevant factor in the future.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the submission of this report for consideration by the Congress.

Sincerely,

CHAPMAN B. COX.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 38, UNITED STATES CODE

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PART I. GENERAL PROVISIONS

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CHAPTER 3—VETERANS' ADMINISTRATION; OFFICERS AND EMPLOYEES

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SUBCHAPTER II—ADMINISTRATOR OF VETERANS' AFFAIRS

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223. Advisory Committee on Veterans Exposed to Ionizing Radiation.

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Subchapter II—Administrator of Veterans' Affairs

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§ 223. Advisory Committee on Veterans Exposed to Ionizing Radiation

(a) The Administrator shall establish an advisory committee to be known as the Advisory Committee on Veterans Exposed to Ionizing Radiation (hereinafter in this section referred to as the "committee").

(b) The committee shall consist of—

(1) members appointed by the Administrator from the general public, including—

(A) veterans, or appropriate representatives of veterans, who were exposed to ionizing radiation from the testing of a nuclear device or during the occupation of Hiroshima or Nagasaki during World War II;

(B) individuals who are recognized authorities in fields pertinent to ionizing radiation, including the health-care needs of persons exposed to ionizing radiation; and

(C) representatives of veterans with service-connected disabilities;

(2) the Secretary of Defense (or a representative of the Secretary of Defense designated by the Secretary from the Defense Nuclear Agency); and

(3) the Chief Medical Director and the Chief Benefits Director of the Veterans' Administration (or their designees).

(c) The Administrator shall determine the number, terms of service, and pay and allowances of members of the committee appointed by the Administrator, except that the term of service of any such members may not exceed three years.

(d) The Administrator shall, on a regular basis, consult with and seek the advice of the committee with respect to (1) the administration of benefits under laws administered by the Veterans' Administration for veterans who were exposed to ionizing radiation during active military, naval, or air service, (2) the unique needs of such veterans and their dependents and survivors with respect to compensation, health care, and rehabilitation, and (3) the basis for, and appropriateness of, the recognition of disabilities, disorders, infirmities, diseases, or chromosomal damages as symptomatic of exposure to ionizing radiation.

(e) Not later than July 1, 1985, and not later than July 1 of each second year thereafter, the committee shall submit to the Administrator a report on the programs and activities of the Veterans' Administration that pertain to veterans exposed to ionizing radiation. The committee shall include in each such report an assessment of the needs of such veterans with respect to compensation, health care, and rehabilitation, a review of the programs and activities of the Veterans' Administration designed to meet such needs, and such recommendations (including recommendations for administrative and legislative action) as the committee considers appropriate. The Administrator shall immediately submit such report to the Congress with any comments concerning the report that the Administrator considers appropriate.

(f) The committee may also submit to the Administrator such other reports and recommendations concerning veterans exposed to ionizing radiation as the committee considers appropriate.

(g) The Administrator shall include in each annual report submitted to Congress pursuant to section 214 of this title a summary of all reports and recommendations of the committee submitted to the Administrator since the previous annual report of the Administrator.

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PART II. GENERAL BENEFITS

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CHAPTER 11—COMPENSATION FOR SERVICE-CONNECTED DISABILITY OR DEATH

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Subchapter I—General

§ 301. Definitions

For the purposes of this chapter—
(1) * * *

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(3) The term "chronic disease" includes—
Anemia, primary
Arteriosclerosis
Arthritis
Atrophy, progressive muscular
Brain hemorrhage
Brain thrombosis
Bronchiectasis
Calculi of the kidney, bladder, or gallbladder
Cardiovascular-renal disease, including hypertension
Cirrhosis of the liver
Coccidioidomycosis
Diabetes mellitus
Encephalitis lethargica residuals
Endocarditis
Endocrinopathies
Epilepsies
Hansen's disease
Hodgkin's disease
Leukemia
Lupus erythematosus, systemic

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Subchapter II—Wartime Disability Compensation

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§ 312. Presumptions relating to certain diseases and disabilities

(a) For the purposes of section 310 of this title, and subject to the provisions of section 313 of this title, in the case of any veteran who served for ninety days or more during a period of war—

(1) a chronic disease becoming manifest [to a degree of 10 percent or more] within one year from the date of separation from such service;

(2) a tropical disease, and the resultant disorders or disease originating because of therapy, administered in connection with such diseases, or as a preventative thereof, becoming manifest [to a degree of 10 percent or more] within one year from the date of separation from such service, or at a time when standard or accepted treatises indicate that the incubation period thereof commenced during such service;

(3) active tuberculous disease developing [a 10 percent degree of disability or more] within three years from the date of separation from such service;

(4) multiple sclerosis developing [a 10 percent degree of disability or more] within seven years from the date of separation from such service;

(5) Hansen's disease developing [a 10 percent degree of disability or more] within three years from the date of separation from such service;

shall be considered to have been incurred in [or aggravated by] such service, notwithstanding there is no record of evidence of such disease during the period of service.

(b) For the purposes of section 310 of this title and subject to the provisions of section 313 of this title, in the case of a veteran who is a former prisoner of war and who was detained or interned for not less than thirty days, the disease of—

(1) avitaminosis,
(2) beriberi (including beriberi heart disease),
(3) chronic dysentery,
(4) helminthiasis,
(5) malnutrition (including optic atrophy associated with malnutrition),
(6) pellagra,
(7) any other nutritional deficiency,
(8) psychosis,
(9) any of the anxiety states, or
(10) dysthymic disorder (or depressive neurosis),

which became manifest [to a degree of 10 percent or more] after active military, naval, or air service shall be considered to have been incurred in [or aggravated by] such service, notwithstanding that there is no record of such disease during the period of service.

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§ 314. Rates of wartime disability compensation

For the purposes of section 310 of this title—

(a) if and while the disability is rated 10 percent the monthly compensation shall be [$64] *$67*;
(b) if and while the disability is rated 20 percent the monthly compensation shall be [$118] *$123*;
(c) if and while the disability is rated 30 percent the monthly compensation shall be [$179] *$187*;
(d) if and while the disability is rated 40 percent the monthly compensation shall be [$258] *$269*;
(e) if and while the disability is rated 50 percent the monthly compensation shall be [$364] *$380*;
(f) if and while the disability is rated 60 percent the monthly compensation shall be [$459] *$479*;
(g) If and while the disability is rated 70 percent the monthly compensation shall be [$579] *$604*;
(h) if and while the disability is rated 80 percent the monthly compensation shall be [$671] *$700*;
(i) if and while the disability is rated 90 percent the monthly compensation shall be [$755] *$787*;
(j) if and while the disability is rated as total the monthly compensation shall be [$1,255] *$1,309*;
(k) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of one or more creative organs, or one foot, or one hand, or both buttocks, or blindness of one eye, having only light perception, or

has suffered complete organic aphonia with constant inability to communicate by speech, or deafness of both ears, having absence of air and bone conduction, the rate of compensation therefor shall be $62 per month for each such loss or loss of use independent of any other compensation provided in subsections (a) through (j) or subsection (s) of this section but in no event to exceed [$1,559] *$1,626* per month; and in the event the veteran has suffered one or more of the disabilities heretofore specified in this subsection, in addition to the requirement for any of the rates specified in subsections (l) through (n) of this section, the rate of compensation shall be increased by $62 per month for each such loss or loss of use, but in no event to exceed [$2,185] *$2,279* per month;

(l) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of both feet, or of one hand and one foot, or is blind in both eyes, with 5/200 visual acuity or less, or is permanently bedridden or so helpless as to be in need of regular aid and attendance, the monthly compensation shall be [$1,559] *$1,626*;

(m) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of both hands, or of both legs at a level, or with complications, preventing natural knee action with prosthesis in place, or of one arm and one leg at levels, or with complications, preventing natural elbow and knee action with prosthesis in place, or has suffered blindness in both eyes, having only light perception, or has suffered blindness in both eyes, rendering such veteran so helpless as to be in need of regular aid and attendance, the monthly compensation shall be [$1,719] *$1,793*;

(n) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of both arms at levels, or with complications, preventing natural elbow action with prosthesis in place, has suffered the anatomical loss of both legs so near the hip as to prevent the use of prosthetic appliances, or has suffered the anatomical loss of one arm and one leg so near the shoulder and hip as to prevent the use of prosthetic appliances, or has suffered the anatomical loss of both eyes, or has suffered blindness without light perception in both eyes, the monthly compensation shall be [$1,954] *$2,038*;

(o) if the veteran, as the result of service-connected disability, has suffered disability under conditions which would entitle such veteran to two or more of the rates provided in one or more subsections (l) through (n) of this section, no condition being considered twice in the determination, or if the veteran has suffered bilateral deafness (and the hearing impairment in either one or both ears is service connected) rated at 60 percent or more disabling and the veteran has also suffered service-connected total blindness with 5/200 visual acuity or less, or if the veteran has suffered service-connected total deafness in one ear or bilateral deafness (and the hearing impairment in either one or both ears is service connected) rated at 40 percent or more disabling and the veteran has also suffered service-connected blindness having only light perception or less, or

if the veteran has suffered the anatomical loss of both arms so near the shoulder as to prevent the use of prosthetic appliances, the monthly compensation shall be [$2,185] *$2,279*;

(p) in the event the veteran's service-connected disabilities exceed the requirements for any of the rates prescribed in this section, the Administrator may allow the next higher rate or an intermediate rate, but in no event in excess of [$2,185] *$2,279*. In the event the veteran has suffered service-connected blindness, with 5/200 visual acuity or less and (1) has also suffered bilateral deafness (and the hearing impairment in either one or both ears is service connected) rated at no less than 30 percent disabling, the Administrator shall allow the next higher rate, or (2) has also suffered service-connected total deafness in one ear, or service-connected anatomical loss or loss of use of one hand or one foot, the Administrator shall allow the next intermediate rate, but in no event in excess of [$2,185] *$2,279*. In the event the veteran has suffered service-connected blindness, having only light perception or less, and has also suffered bilateral deafness (and the hearing impairment in either one or both ears is service connected) rated at 10 or 20 percent disabling, the Administrator shall allow the next intermediate rate, but in no event in excess of [$2,185] *$2,279*. In the event the veteran has suffered the anatomical loss or loss of use, or a combination of anatomical loss and loss of use, of three extremities, the Administrator shall allow the next higher rate or intermediate rate, but in no event in excess of [$2,185] *$2,279*. Any intermediate rate under this subsection shall be established at the arithmetic mean, rounded down to the nearest dollar, between the two rates concerned;

(r) Subject to section 3203(e) of this title, if any veteran, otherwise entitled to compensation authorized under subsection (o) of this section, at the maximum rate authorized under subsection (p) of this section, or at the intermediate rate authorized between the rates authorized under subsections (n) and (o) of this section and at the rate authorized under subsection (k) of this section, is in need of regular aid and attendance, then, in addition to such compensation—

(1) the veteran shall be paid a monthly aid and attendance allowance at the rate of [$938] *$978*; or

(2) if the veteran, in addition to such need for regular aid and attendance, is in need of a higher level of care, such veteran shall be paid a monthly aid and attendance allowance at the rate of [$1,397] *$1,457*, in lieu of the allowance authorized in clause (1) of this subsection, if the Administrator finds that the veteran, in the absence of the provision of such care, would require hospitalization, nursing home care, or other residential institutional care.

For the purposes of clause (2) of this subsection, need for a higher level of care shall be considered to be need for personal health-care services provided on a daily basis in the veteran's home by a person who is licensed to provide such services or who provides such services under the regular supervision of a licensed health-care professional. The existence of the need for such care shall be determined by a physician employed by the

Veterans' Administration or, in areas where no such physician is available, by a physician carrying out such function under contract or fee arrangement based on an examination by such physician.

For the purposes of section 334 of this title, such allowance shall be considered as additional compensation payable for disability;

(s) If the veteran has a service-connected disability rated as total, and (1) has additional service-connected disability or disabilities independently ratable at 60 percent or more, or, (2) by reason of such veteran's service-connected disability or disabilities, is permanently housebound, then the monthly compensation shall be [$1,404] *$1,464*. For the purposes of this subsection, the requirement of "permanently housebound" will be considered to have been met when the veteran is substantially confined to such veteran's house (ward or clinical areas, if institutionalized) or immediate premises due to a service-connected disability or disabilities which it is reasonably certain will remain throughout such veteran's lifetime.

(t)(1) If the veteran (A) is entitled to receive compensation at any rate provided for under subsections (a) through (i) of this section and compensation under subsection (k) of this section, (B) has suffered the loss or loss of use of an extremity as a result of a service-connected disability ratable at 40 percent or more, and (C) has suffered the loss or loss of use of the paired extremity as a result of a non-service-connected disability, not the result of the veteran's own willful misconduct, that would be rated, if service-connected, at 40 percent or more, the monthly rate of compensation payable to such veteran shall be increased by [$271] *$283*.

(2) If a veteran described in paragraph (1) of this subsection receives any money or property of value pursuant to an award in a judicial proceeding based upon, or a settlement or compromise of, any cause of action for damages for the non-service-connected disability described in such paragraph, the increase in the rate of compensation otherwise payable under this subsection shall not be paid for any month following a month in which any such money or property is received until such time as the total of the amount of such increase that would otherwise have been payable equals the total of the amount of any such money received and the fair market value of any such property received.

§ 315. Additional compensation for dependents

Any veteran entitled to compensation at the rates provided in section 314 of this title, and whose disability is rated not less than 30 percent, shall be entitled to additional compensation for dependents in the following monthly amounts:

(1) If and while rated totally disabled and—

(A) has a spouse but no child, [$77] *$80*;

(B) has a spouse and one or more children, [$128 plus $41] *$134 plus $43* for each child in excess of one;

(C) has no spouse but one or more children, [$52 plus $41] *$54 plus $43* for each child in excess of one;

(D) has a parent dependent upon such veteran for support, then, in addition to the above amounts, [$62] *$65* for each parent so dependent;

(E) notwithstanding the other provisions of this paragraph, the monthly payable amount on account of a spouse who is (i) a patient in a nursing home or (ii) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person, shall be [$139] *$145* for a totally disabled veteran and proportionate amounts for partially disabled veterans in accordance with paragraph (2) of this section; and

(F) notwithstanding the other provisions of this paragraph, the monthly payable amount on account of each child who has attained the age of eighteen years and who is pursuing a course of instruction at an approved educational institution shall be [$116] *$121* for a totally disabled veteran and proportionate amounts for partially disabled veterans in accordance with paragraph (2) of this section.

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Subchapter IV—Peacetime Disability Compensation

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§ 335. Additional compensation for dependents

Any veteran entitled to compensation at the rates provided in section 334 of this title, and whose disability is rated not less than [50 per centum,] *30 percent*, shall be entitled to additional monthly compensation for dependents as provided in section 315 of this title.

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Subchapter V—Peacetime Death Compensation

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§ 362. Clothing allowance

The Administrator under regulations which the Administrator shall prescribe, shall pay a clothing allowance of [$338] *$353* per year to each veteran who because of disability which is compensable under the provisions of this chapter, wears or uses a prosthetic or orthopedic appliance or appliances (including a wheelchair) which the Administrator determines tends to wear out or tear the clothing of such a veteran.

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CHAPTER 13—DEPENDENCY AND INDEMNITY COMPENSATION FOR SERVICE-CONNECTED DEATHS

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Subchapter II—Dependency and Indemnity Compensation

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§ 411. Dependency and indemnity compensation to a surviving spouse

[(a) Dependency and indemnity compensation shall be paid to a surviving spouse, based on the pay grade of the person upon whose death entitlement is predicated, at monthly rates set forth in the following table:

Pay grade	Monthly rate	Pay grade	Monthly rate
E-1	$461	W-4	$661
E-2	475	O-1	583
E-3	486	O-2	602
E-4	518	O-3	644
E-5	532	O-4	681
E-6	544	O-5	751
E-7	571	O-6	846
E-8	602	O-7	915
E-9	[1] 629	O-8	1,003
W-1	583	O-9	1,077
W-2	607	O-10	[2] 1,179
W-3	624		

[[1] If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $678.

[[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,265.]

(a) Dependency and indemnity compensation shall be paid to a surviving spouse, based on the pay grade of the person upon whose death entitlement is predicated, at monthly rates set forth in the following table:

Pay grade	*Monthly rate*	*Pay grade*	*Monthly rate*
E-1	*$481*	*W-4*	*$689*
E-2	*495*	*O-1*	*608*
E-3	*507*	*O-2*	*628*
E-4	*540*	*O-3*	*672*
E-5	*555*	*O-4*	*710*
E-6	*567*	*O-5*	*783*
E-7	*596*	*O-6*	*882*
E-8	*628*	*O-7*	*954*
E-9	[1] *656*	*O-8*	*1,046*
W-1	*608*	*O-9*	*1,123*
W-2	*633*	*O-10*	[2] *1,230*
W-3	*651*		

[1] If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $707.

[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,319.

(b) If there is a surviving spouse with one or more children below the age of eighteen of a deceased veteran, the dependency and indemnity compensation paid monthly to the surviving spouse shall be increased by [$53] *$55* for each such child.

(c) The monthly rate of dependency and indemnity compensation payable to a surviving spouse shall be increased by [$139] *$145* if the spouse is (1) a patient in a nursing home or (2) helpless or

blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person.

(d) The monthly rate of dependency and indemnity compensation payable to a surviving spouse shall be increased by [$68] *$71* if the surviving spouse is, by reason of disability, permanently housebound but does not qualify for the aid and attendance allowance under subsection (c) of this section. For the purposes of this subsection, the requirement of "permanently housebound" will be considered to have been met when the surviving spouse is substantially confined to such surviving spouse's home (ward or clinical areas, if institutionalized) or immediate premises by reason of a disability or disabilities which it is reasonably certain will remain throughout such surviving spouse's lifetime.

* * * * * * *

§ 413. Dependency and indemnity compensation to children

(a) Whenever there is no surviving spouse of a deceased veteran entitled to dependency and indemnity compensation, dependency and indemnity compensation shall be paid in equal shares to the children of the deceased veteran at the following monthly rates:

(1) one child, [$233] *$243*;

(2) two children, [$334] *$348*;

(3) three children, [$432] *$451*; and

(4) more than three children, [$432 plus $87] *$451 plus $91* for each child in excess of three.

* * * * * * *

§ 414. Supplemental dependency and indemnity compensation to children

(a) In the case of a child entitled to dependency and indemnity compensation who has attained the age of eighteen and who, while under such age, became permanently incapable of self-support, the dependency and indemnity compensation paid monthly to such child shall be increased by [$139.] *$145*.

(b) If dependency and indemnity compensation is payable monthly to a person as a "surviving spouse" and there is a child (of such person's deceased spouse) who has attained the age of eighteen and who, while under such age, became permanently incapable of self-support, dependency and indemnity compensation shall be paid monthly to each such child, concurrently with the payment of dependency and indemnity compensation to the surviving spouse, in the amount of [$233.] *$243*.

(c) If dependency and indemnity compensation is payable monthly to a person as a "surviving spouse" and there is a child (of such person's deceased spouse) who has attained the age of eighteen and who, while under the age of twenty-three, is pursuing a course of instruction at an educational institution approved under section 104 of this title, dependency and indemnity compensation shall be paid monthly to each such child, concurrently with the payment of dependency and indemnity compensation to the surviving spouse, in the amount of [$118.] *$123*.

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CHAPTER 15—PENSION FOR NON-SERVICE-CONNECTED DISABILITY OR DEATH OR FOR SERVICE

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SUBCHAPTER II—VETERANS' PENSIONS

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Non-Service-Connected Disability Pension

521. Veterans of a period of war.
522. Net worth limitation.
523. Combination of ratings.
524. Vocational training assistance for new pension recipients under age 50.

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Subchapter II—Veterans' Pensions

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NON-SERVICE-CONNECTED DISABILITY PENSION

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§ 524. Vocational training assistance for new pension recipients under age 50

(a) This section applies (in addition to the other requirements of this title) to the awarding of pension to a veteran under the age of 50.

(b) In the case of a veteran under the age of 50 who has applied for pension and has been determined to be permanently and totally disabled from a non-service-connected disability and otherwise to be entitled to pension, the Administrator shall determine whether the achievement of a vocational goal by the veteran is reasonably feasible. Any such determination shall be made only after a personal interview with the veteran by a Veterans' Administration employee who is trained in vocational counseling. Failure of the veteran to participate in the interview and to otherwise participate in a manner required by the Administrator in order to make such determination shall result in the suspension of the veteran's pension until the veteran completes the required participation.

(c) If the Administrator determines that the achievement of a vocational goal by the veteran is not reasonably feasible, payment of pension to the veteran shall continue.

(d)(1) If the Administrator determines that the achievement of a vocational goal by the veteran is reasonably feasible, then the veteran may elect to undertake a program of vocational training under this subsection. Any such program shall be designed in consultation with the veteran in order to meet the veteran's individual needs.

(2) Notwithstanding the provisions of sections 1502 and 1503 of this title, a vocational training program for the purposes of this section shall be carried out as a vocational rehabilitation program under chapter 31 of this title.

(3) A veteran enrolled in a vocational training program under this section shall be paid a pension in accordance with this chapter and may receive any of the types of service and assistance described in

section 1504(a) of this title with the exception of a subsistence allowance and other assistance authorized by sections 1508 and 1512 of this title.

(4)(A) The vocational training provided a veteran under a vocational training program under this section may not exceed 48 months.

(B) Upon completion of a program of vocational training under this section, a veteran may receive the counseling and placement and postplacement services described in clauses (2) and (5) of section 1504(a) of this title for a period not to exceed 18 months.

(5) A program of vocational training may not be begun under this section after September 30, 1989.

(e) In the case of a veteran to whom this section applies who is entitled to increased pension by reason of being permanently housebound or in need of regular aid and attendance who pursues a vocational training program under this section and whose entitlement to pension is terminated after completion of such program solely because the amount of the veteran's annual income is greater than the applicable maximum annual income limitation, the eligibility of the veteran for drugs and medicine under section 612(h) of this title shall continue (without regard to the amount of the annual income of the veteran) for one year after such termination of the veteran's entitlement to pension.

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CHAPTER 19—INSURANCE

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Subchapter III—Servicemen's Group Life Insurance

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§ 767. Persons insured; amount

(a) Any policy of insurance purchased by the Administrator under section 766 of this title shall automatically insure against death—

(1) any member of a uniformed service on active duty, active duty for training, or inactive duty training scheduled in advance by competent authority;

(2) any member of the Ready Reserve of a uniformed service who meets the qualifications set forth in section 765(5)(B) of this title; and

(3) any member assigned to, or who upon application would be eligible for assignment to, the Retired Reserve of a uniformed service who meets the qualifications set forth in section 765(5)(C) of this title;

in the amount of [$35,000] *$50,000* unless such member elects in writing (A) not to be insured under this subchapter, or (B) to be insured in [the amount of $30,000, $25,000, $20,000, $15,000, $10,000, or $5,000.] *any amount less than $50,000 divisible by $5,000.* The insurance shall be effective the first day of active duty or active duty for training, or the beginning of a period of inactive duty training scheduled in advance by competent authority or the first

day a member of the Ready Reserve meets the qualifications set forth in section 765(5)(B) of this title, or the first day a member of the Reserves, whether or not assigned to the Retired Reserve of a uniformed service, meets the qualifications of section 765(5)(C) of this title, or the date certified by the Administrator to the Secretary concerned as the date Servicemen's Group Life Insurance under this subchapter for the class of group concerned takes effect, whichever is the later date.

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(c) If any member elects not to be insured under this subchapter or to be insured in [the amount of $30,000, $25,000, $20,000, $15,000, $10,000, or $5,000,] *any amount less than $50,000 divisible by $5,000,* he may thereafter be insured under this subchapter or insured in [the amount of $35,000, $30,000, $25,000, $20,000, $15,000, or $10,000] *the amount of $50,000 (or any lesser amount divisible by $5,000)* under this subchapter, as the case may be upon written application, proof of good health, and compliance with such other terms and conditions as may be prescribed by the Administrator. Any former member insured under Veterans' Group Life Insurance who again becomes eligible for Servicemen's Group Life Insurance and declines such coverage solely for the purpose of maintaining his Veterans' Group Life Insurance in effect shall upon termination of coverage under Veterans' Group Life Insurance be automatically insured under Servicemen's Group Life Insurance, if otherwise eligible therefore.

(d) Notwithstanding any other provision of this section, any member who on the effective date of this subsection is a member of the Retired Reserve of a uniformed service (or who upon application would be eligible for assignment to the Retired Reserve of a uniformed service) may obtain increased insurance coverage up to a maximum of [$35,000] *$50,000* (in any amount divisible by $5,000) if—

(1) the member—

(A) is insured under this subchapter on the effective date of this subsection; or

(B) within one year after the effective date of this subsection, reinstates insurance under this subchapter that had lapsed for nonpayment of premiums; and

(2) the member submits a written application for the increased coverage to the office established pursuant to section 766(b) of this title within one year after the effective date of this subsection.

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PART III—READJUSTMENT AND RELATED BENEFITS

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CHAPTER 39—AUTOMOBILES AND ADAPTIVE EQUIPMENT FOR CERTAIN DISABLED VETERANS AND MEMBERS OF THE ARMED FORCES

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§ 1902. Assistance for providing automobile and adaptive equipment

(a) The Administrator, under regulations which the Administrator shall prescribe, shall provide or assist in providing an automobile or other conveyance to each eligible person by paying the total purchase price of the automobile or other conveyance (including all State, local, and other taxes) or [$4,400,] *$5,000,* whichever is the lesser, to the seller from whom the eligible person is purchasing under a sales agreement between the seller and the eligible person.

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§ 1903. Limitations on assistance; special training courses

(a) No eligible person shall be entitled to receive more than one automobile or other conveyance under the provisions of this chapter, and no payment shall be made under this chapter for the repair, maintenance, or replacement of an automobile or other conveyance.

(b) Except as provided in subsection (d) of section 1902 of this title, no eligible person shall be provided an automobile or other conveyance under this chapter until it is established to the satisfaction of the Administrator, in accordance with regulations the Administrator shall prescribe, that the eligible person will be able to operate the automobile or other conveyance in a manner consistent with such person's own safety and the safety of others and will satisfy the applicable standards of licensure to operate the automobile or other conveyance established by the State of such person's residency or other proper licensing authority.

(c) An eligible person shall not be entitled to adaptive equipment under this chapter for more than one automobile or other conveyance at any one time. *An eligible person who owns an automobile or other conveyance for which such person has received assistance under this chapter and who subsequently conveys such automobile or other conveyance is entitled to adaptive equipment assistance under this chapter for an automobile or other conveyance acquired after such conveyance, regardless of the person to whom the conveyance was made.*

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